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Ministry of
Consumer and
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Ministère de la
Consommation
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Registration Division
Division de l'enregistrement

1999

Annual Charge Book
Cahier des charges
Standard charge terms
Clause types de charge

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Registration Division
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Division de l'enregistrement
Ministère de la Consommation et du Commerce

CLAUSES TYPES DE CHARGE DEPOSEES EN 1999
STANDARD CHARGE TERMS 1999

FEUILLE DE CONTROLE
CONTROL SHEET

NO DE DOSSIER FILE NUMBER	DATE DE DEPOT FILING DATE	NOM/RAISON SOCIALE NAME
991	99/01/05	607614 Ontario Limited
992	99/01/22	Ascu Community Credit Union Limited
993	99/02/09	ICI Mortgage Managers Inc.
994	99/03/03	NN Life Insurance Company of Canada
995	99/03/12	Bank of Montreal
996	99/05/11	Mennonite Savings and Credit Union (Ontario) Limited (Fixed Rate Charge)
997	99/05/11	Mennonite Savings and Credit Union (Ontario) Limited (Collateral Charge)
998	99/05/26	CitiFinancial Canada, Inc.
999	99/06/11	Baker & McKenzie
9910	99/08/04	Bank of Montreal
9911	99/08/10	Lloyds Far East (BVI) Limited
9912	99/08/18	Royal Bank of Canada Royal Trust Corporation of Canada (Commercial)
9913	99/08/18	Royal Bank of Canada Royal Trust Corporation of Canada (Residential)
9914	99/08/18	Royal Bank of Canada Royal Trust Corporation of Canada (Collateral)
9915	99/08/20	CIBC Mortgages Inc.
9916	99/09/17	HSBC Bank Canada
9917	99/10/07	Clarica Life Insurance Company
9918	99/08/18	Canadian Imperial Bank of Commerce

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Filing No. 991 Cote
Filing Date 5 JAN 1999 Date de Dépôt
Page 1 of/de 10 (TEN) Pages

Dan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS
(Commercial Charge)

Filed by: **607614 ONTARIO LIMITED**

The following set of Standard Charge Terms shall be deemed to be included in every Charge in which the set is referred to by it's filing number, as provided in Section 9 of the Land Registration Reform Act.

1. **STATUTORY COVENANTS**

THE IMPLIED COVENANTS deemed to be included in a charge pursuant to Section 7 (1) of the Land Registration Reform Act, 1984 (as varied herein) shall be in addition to, and not in substitution for, the covenants and other provisions set forth in this Charge. In the event of any conflict between any such implied covenants (as varied herein) and any other covenant or provision of the Charge, such covenant or provision as herein contained shall prevail.

2. **PROVISO FOR REDEMPTION**

Provided this Charge shall be void upon payment of the principal sum herein, in lawful money of Canada with interest as herein provided and taxes and performance of statute labor and performance of all covenants in this Charge.

3. **RELEASE**

AND THE said Charger does release to the said Chargee all its claims upon the said lands subject to the proviso for redemption herein.

4. **ADVANCE OF FUNDS**

THE CHARGOR agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the monies hereby secured, nor shall the advance of a part of the principal sum herein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor, and the expenses of the examination of the title and of this Charge and valuation are to be secured hereby in the event the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the said lands, and shall be without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies herein shall be excercisable.

5. **CHARGOR'S COVENANTS**

THE CHARGOR covenants with the Chargee that the Chargor will pay the principal sum herein and interest and observe the proviso for redemption herein, and will pay as they fall due all taxes, rates and assessments, wether municipal, local, parliamentary or otherwise which now are or may hereafter be imposed, charged or levied upon the said land and when required by the Chargee, shall transmit the receipts therefor to the Chargee;

THE CHARGOR further covenants with the Chargee that the Chargor will pay all amounts which are payable hereunder or which are capable of being added to the principal sum pursuant to the provisions of this Charge including, without limiting the generality of the foregoing, all servicing and other fees, costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the said lands; all costs, commissions, fees and disbursements incurred by the Chargee in construction, inspecting, appraising, selling, managing, repairing or maintaining the said lands; all costs incurred by the Chargee, including legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale, lease or otherwise;

AND THAT THE CHARGOR has a good title in fee simple to the said lands and has good right, full power and lawful and absolute authority to charge the said lands, and to give this Charge to the Chargee upon the covenants contained in this Charge;

AND THAT THE CHARGOR has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means thereof the said lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records od the land registry office disclose;

AND THAT THE CHARGOR will execute such further assurances of the said land as may be requisite.

6. **INSURANCE**

AND THAT the said Chargor will issue and keep insured during the term of this Charge the buildings and said lands (now or hereafter erected) on an all-risks basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money herein, with no co-insurance provisions, and with the Chargee's standard mortgage clause forming part of such insurance policy. The Chargor shall carry such liability, rental, boiler, plate glass and other insurance coverage as is required by the Chargee to be placed with such insurance

companies and in such amounts and in such form as may be acceptable to the Chargee. All such policies shall provide for loss payable to the Chargee and contain such additional clauses and provisions as the Chargee may require. An original of all insurance policies and endorsements from the insurer to the effect that the coverage has been initiated and/or extended for a minimum period of at least one year, and that all premium with respect to such term of such coverage have been paid in full, shall be produced to the Chargee prior to any advance and at least thirty (30) before expiration of any terms of any such policy, failing which the Chargee may provide therefor and charge the premium paid therefor and interest thereon at the aforesaid rate to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the said lands secured by this Charge. It is further agreed that the Chargee may at any time require any insurance on the said buildings to be canceled and new insurance effected with a company to be named by it, and also may, of it's own accord effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be forthwith payable to it, together with interest at the rate aforesaid byu the Chargor (together with any costs of the Chargee as herein set out) and shall be a charge upon the said lands and secured by this Charge.

IN THE EVENT that the evidence of continuation of such insurance as herein required has not been delivered to the Chargee within the required time, the Chargee shall be entitled to a servicing fee for such written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provisions arranges insurance coverage with respect to the said lands , the Chargee, in addition to the afore noted servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

IN THE EVENT of any loss or damage the Chargor shall forthwith notify the Chargee in writing, and notwithstanding any other provisions to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Chargee may, at it's option, require that the said monies be applied by the Chargor in making good the loss or damage in respect of which the money is received, or in the alternative, may require that any or all monies be applied in or towards satisfaction of any or all of the indebtedness hereby secured, wether or not such indebtedness has become due. No damage may be repaired or any reconstruction affected without the approval in writing of the Chargee in any event.

THE CHARGOR, upon demand, will transfer all policies of insurance provided for herein and the indemnity which may become due therefrom to the Chargee. The Chargee shall have a lien for the indebtedness hereby secured in all the insurance policies and proceeds, and may elect to have these insurance monies applied as it may deem appropriate, including payment of monies secured hereby, wether due or not, but the Chargee shall not be bound to accept the said monies in payment of any principal not yet due.

7. UTILITIES

THE CHARGOR covenants that he will pay all utility and fuel charges related to the said lands as and when they are due, and that he will not allow or cause the supply of utilities or fuel to the said lands to be interrupted or discontinued , and that, if the supply of fuel or utilities is interrupted or discontinued, he will take all steps necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuance of the supply of fuel or utilities to the said lands shall constitute a default by the Chargor within the meaning of this Charge and is addition to all other remedies provided herein, the principal sum of the Charge shall, at the sole option of the Chargee forthwith become due and payable.

8. TAXES

WITH respect to municipal taxes, school taxes and local improvement rates and charges (herein referred to as "taxes") chargeable against the said lands , The Chargor covenants and agrees with the Chargee that:

(A) The Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay the taxes which have become due and payable during the calendar year.

(B) The Chargee may at its sole option estimate the amount of the taxes chargeable against the said lands and payable in each year and the Chargor shall forthwith upon demand of the Chargee pay to the Chargee onbe-twelfth (1/12) of the estimated annual amount of such taxes on the first day of each and every month during the term of this Charge, commencing with the first day of the first full month of the term of this Charge. The Chargee may at its option apply such payment to the taxes as long as the Chargor is not in default under any covenant or agreement contained in this Charge, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of taxes, and if before such payments have been applied by the Chargee, there shall be default by the Chargor in respect of any payment of principal or interest as herein provided, the Chargee may at its option apply such sum or sums in or towards payment of principal and/or interest in default. If the Chargor desires to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, the Chargor may pay to the Chargee such additional amounts as are required for that purpose.

(C) In the event that the taxes actually charged in a calendar year, together with any interest or penalties thereon exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amount required to make up the deficiency. The Chargee may at its option pay any of the taxes when payable, either before or after they are due, without notice, or may make advances therefor in excess of the then amount of credit held by the Chargee for such taxes. Any excess amount advanced by the Chargee shall be accrued as an additional principal sum under this

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 991 Date

Charge and shall bear interest as provided for in this Charge until repaid by the Chargor.

(D) The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes upon the said lands forthwith after receipt.

(E) The Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future tax liabilities.

(F) In no event shall the Chargee be liable for any interest or any amount paid to it as hereinafter required and the monies so received may be held with its own funds pending payment or application thereof sd hereinafter provided; provided that in the event that the Chargee does not utilize the funds received on account of taxes in any calendar year, such amount or amounts may be held by the Chargee on account of any pre-estimate of taxes required for the next succeeding calendar year , or at the Chargee's option the Chargee may repay such amounts to the Chargor without any interest.

(G) The Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any late payment of current tax instalments or any arrears of taxes, and at no time shall such penalty be the responsibility of the Chargee.

(H) In the event the Chargee does not collect payment on account of taxes as aforesaid, the Chargor hereby covenants and agrees with the Chargee to deliver to the Chargee on or before December 31 in each calendar year, written evidence from the taxing authority having jurisdiction with respect to the municipal realty taxes levied and assessed against the said lands, such evidence to be to the effect that all taxes for the current calendar year and any preceding calendar years have been paid in full. In the event of the failure of the Chargor to comply with this covenant as aforesaid the Chargee shall be entitled to charge a servicing fee for such written enquiry directed to such taxing authority or the Chargor, for the purpose of ascertaining the status of the tax amount pertaining to the said lands, together with any costs payable to the said taxing authority for such information.

9. COMPLIANCE WITH LAWS AND REGULATIONS

THE CHARGOR shall promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the said lands, and further agrees at its cost and expense to take any and all steps, or make any improvements or alterations hereto, structural or otherwise, ordinary or extraordinary, which may be required at any time thereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10. REPAIR

The Chargor will keep the said lands including the buildings, erections or improvements thereon in good condition and repair according to the nature and description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the said lands, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Chargor neglects to keep the said lands in good condition and repair, or commit or permit any act of waste on the said lands (as to which the Chargee shall be the sole judge) or makes default as to any of the covenants or provisions herein contained, the principal sum herein shall , at the option of the Chargee, forthwith become due and payable, and in default of payment thereof with interests in the case of payment before maturity , the powers of entering upon or leasing or selling hereby given may be exercised forthwith and the Chargee may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the said lands prior to all claims thereon subsequent to this Charge.

11. ALTERATIONS OR ADDITIONS

THE CHARGOR will not make or permit to be made any alterations or additions to the said lands without the prior written consent of the Chargee which consent may be withheld in the Chargee's sole discretion or may be given only subject to compliance with such terms or conditions at the cost of the Chargor as the Chargee may impose.

12. LANDS INCLUDE ALL ADDITIONS

THE SAID lands shall include all structures and installations brought or placed on the said lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the building thereon whether or not affixed in law to the said lands including , without limiting the generality of the foregoing, piping, plumbing electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air-conditioning, ventilating, heating, lighting, water heating equipment, cooking and refrigeration equipment, and all component parts of any of the foregoing, and that the same shall become fixtures and an accession to the freehold and a part of the realty.

13. CHANGE OF USE

THE CHARGOR will not change or permit to be changed the use of the said lands, without the prior written consent of the Chargee, and further that at no time shall said lands be used in a manner that would contravene the legislation, laws, rules requirements, orders, directions, ordinances and regulations of any applicable governmental authority in force from time to time.

14. **EVENTS OF DEFAULT**

WITHOUT limiting any of the provisions of this Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the principal sum outstanding and all interest accruing shall, at the Chargees option, immediately become due and payable without notice or demand:

(A) Failure of the Chargor or Covenanter(s) or any of them to pay any instalment of principal , interest and/or taxes under this Charge or any other charge or encumbrance on the said land, on the date on which any of the payments for some reason become due.

(B) Failure of the Chargor or Covenantor(s) to strictly and fully observe or perform any condition, agreement, covenant or term set out in the Application and/or Commitment for the loan secured by this charge, or any other document giving contractual relationship as between the Chargor and the Chargee herein or if it is found at any time that any representation to the Chargee with respect to the loan secured by this Charge or in any way related thereto is incorrect or misleading.

(C) Default by the Chargor is the observance or performance of any of the covenants, provisos, agreements or conditions contained in any charge or encumbrance affecting the said lands, wwhether or not is has priority over this Charge.

(D) Upon the registration of any construction lien or execution against the said lands which is not discharged within ten (10) days after the date of registration thereof.

(E) In the event that it is discovered that the building(s) on the said lands contain Urea Formaldehyde Foam insulation or that the Chargor has insulated the property with Urea Formaldehyde insulation.

15. **SALE OR CHANGE OF CONTROL**

PROVIDED that in the event of a further encumbrance or sale, conveyance or transfer of the said lands or any portion thereof, or a change in control of the Chargor or a change in the beneficial ownership of the said lands or any portion thereof or a lease of the whole of the said lands, all sum secured hereunder shall, unless the written consent of the Chargee has been first obtained. Forthwith become due and payable at the Chargee's option. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any person claiming through or under him and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision.

PROVIDED further that no permitted sale or other dealing by the Chargor with the said lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the sums hereby secured.

16. **DEFAULT**

PROVIDED that the Chargee may, on default of payment, or default in the performance of any covenant in this Charge contained or implied by law or statute for fifteen (15) days ,on thirty-five (35) days notice enter on and lease the said lands, or in default of payment or in default in performance of any covenant in this Charge contained or implied by law or statute for at least fifteen (15) days nay, on at least thirty-five (35) days sell the said lands. Such notice shall be given to such persons and in such manner or form and in such time as provided under the Mortgages Act, as amended from time to time. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that such notice may be effectually given by leaving it with a grownup person on the said lands, if occupied, or by placing it on the said lands if not occupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the lands are situated; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person affected thereby may be unknown, unascertained or under disability If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by personal service upon the representative.

PROVIDED FURTHER, without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in the payment of said principal or interest or any part thereof and such default continues for two months after any payment of either principal or interest falls due, the Chargee may exercise the powers given under the preceding proviso with or without entry on the said lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner or form and within such time as required by law. And that the Chargee may sell the whole or any part or parts of said lands by public auction or private contract, or partly the one and partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges or expenses incurred in taking recovering or keeping possession of the said lands or by reason of non-payment or procuring payment of monies secured hereby or otherwise; and that the Chargee may sell any of the said lands on such terms as to credit as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper; and may buy in, vary or rescind any contract for the sale of the whole or any part of the said lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay to the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of the said purposes may make and

execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see if the propriety or regularity of any sale is improper or be affected by express notice that any sale or lease and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above powers shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised or that such notice had not been given, but any person damnified by an improper, unauthorized or improper exercise of the power shall have his remedy against the person exercising the power in damages only.

AND it is hereby agreed between the parties hereto that the Chargee may pay all premiums of insurance and all taxes and rates which may from time to time fall due and be unpaid in respect of the said lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering or keeping possession of the said lands, and of negotiating this loss , investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realized this security (including legal fees, real estate commissions, appraisal costs and other costs incurred in leasing or selling the said lands, or in exercising the power of entering, selling or leasing herein contained) shall be with interest at the rate aforesaid, a charge upon the said lands in favor of the Chargee and that the Chargee may pay or satisfy any lien, charge or incumbrance now existing or hereinafter created or claimed upon the said lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers of this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates , either out of the money advanced or the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities or securities of the person, or persons, or company, corporation or government so paid, and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee may deem it proper to do so.

PROVIDED that whatever power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the person to whom notice of exercising such power shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirement of the law from time to time in force with respect to exercising such power of sale, and wherever there shall be conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no such conflict, the provisions of this Charge shall remain unchanged.

PROVIDED that the Chargee may lease or sell as aforesaid without entering into possession of the said lands.

PROVIDED that the Chargee may distrain for arrears of interest and that the Chargee may distrain for arrears of principal and monthly payments of taxes , if required, in the same manner as if the arrears were arrears of interest.

PROVIDED that in default of the payment of interest hereby secured the principal sums herein shall become payable at the option of the Chargee, together with interest thereon.

PROVIDED that upon default of payment of instalments of principal promptly as the same become due and payable, at the option of the Chargee.

PROVIDED that until default hereunder the Chargor shall have quiet possession of the said lands.

PROVIDED that the Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other future default. No waiver shall be effective or binding on the Chargee unless made in writing.

AND it is further agreed by and between the parties that the Chargee may at any time, in its discretion, release any part or parts of the said lands or any other security or surety for the money hereby secured either with or without sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the said lands or any person from this Charge or from any of the covenants herein contained, it being especially agreed that every part or lot which the said lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the said lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

IT IS FURTHER agreed that the Chargee may exercise all remedies provided for in this Charge concurrently or in such order or at such time as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its rights under any other provisions contained in this Charge.

17. **APPOINTMENT OF A RECEIVER**

IT IS DECLARED and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may time and from time to time with or without entering into possession of the said lands appoint in writing a Receiver or a Receiver and Manager, or a Receiver-Manager, or a Trustee (the Receiver) of the said lands , or any part thereof, and of the rents and profits thereof, and with or without security and may from time to time by similar writing remove any such Receiver, and may appoint another in its place or stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby

irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the Mortgage Act, the Construction Lien Act, 1983 or pursuant to the Trustee Act (as the Chargee at it's sole option may require). Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the said lands or any part thereof, and the Chargor hereby consents to a Court Order for the appointment of such Receiver, if the Chargee in it's discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee, at it's sole discretion, may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the said lands and/or complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges, and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing incumbrance affecting the said lands, including without limitation, charges and construction lien claims.

UPON the appointment of any such Receiver from time to time the following provisions shall apply:

(I) A statutory declaration of the Chargee or an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(II) Every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due in respect to the said lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect of all responsibility and liability for it's acts or omissions;

(III) The Chargee may from time to time fix the remuneration of every such Receiver which shall be in charge on the said lands, and may be paid out of the income therefrom or the proceeds of a sale thereof;

(IV) The appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of continuing the Chargee as chargee in possession in respect of the said lands or any part thereof;

(V) The Receiver shall have the power to rent any portion of the said lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the said lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the said lands;

(VI) In all instances, the Receiver shall be acting as the attorney or agent of the Chargor;

(VII) Every such Receiver shall have full power to complete any unfinished construction upon the said lands;

(VIII) Such Receiver shall have full power to manage, operate, amend, repair, alter or extend the said lands ot any part thereof in the name of the Chargor for the purpose of securing the payment of rental from the said lands or any part thereof;

(IX) The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the lands including, without limiting the generality of the foregoing , increasing, extending, reviewing or amending all Charges which may be registered against the lands from time to time, whether or not such charges are prior to the interest of the Chargee in the said lands; sale of the said lands; borrowing money on the security of the said lands, applying for and executing all documents in any way related to any rezoning applications, severance of land pursuant to the provisions of the Planning Act, as amended, subdivision agreements and development agreements and agreements for the supply of maintenance of utilities or services to the lands, including grants of lands or easements or right of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements relating to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise, and applying for and executing all documents in any way related to registration of the lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act of Ontario or pursuant to the Certification of Titles Act of Ontario; and for all and every purposes aforesaid does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the said lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the said lands, as fully and effectually to all intents and purposes as it itself could do if personally present and acting therein.

(X) Such Receiver shall not be liable to the Chargor to account for monies or damages other than cash received by it in respect to the said lands or any part thereof and out of such cash received every such Receiver shall pay in the following order:

A) It's remuneration;

B) All payments made or incurred by it in the exercise of it's powers hereunder;

C) Any payment of interest, principal and other money which may from time to time be or become

charged upon the said lands in priority to the monies owing hereunder, and all taxes, insurance premiums and other proper expenditures made or incurred by it in respect to the said lands or any part thereof.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or it's solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver with respect to the said lands in the same manner sa if such documentation was duly executed by the Chargor himself.

18. **INSPECTION**

The Chargee shall have access to and the right to inspect the said lands at all reasonable times.

19. **RIGHT OF CHARGEE TO REPAIR**

THE CHARGOR covenants and agrees with the Chargee that in the event of a default in the payment of any instalment or other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained, after all or any monies hereby secured have been advanced , the Chargee may, at such time or times as the Chargee may deem necessary and without the concurrence of any person, enter upon the said lands and may make such arrangements for completing the construction of , repairing or putting in order any buildings or other improvements on the said lands or for inspecting , taking care of, leasing collecting the rents of and managing generally said lands, as the Chargee may deem expedient; and all reasonable costs , charges or expenses, including, nut not limited to, allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes, and a servicing fee shall be forthwith to the Chargee by the Chargor and shall be a charge upon the said lands and shall bear interest at the said rate until paid.

20. **CHARGEE NOT TO BE DEEMED CHARGEE IN POSSESSION**

PROVIDED and it is agreed between the Chargor and the Chargee that the Chargee is exercising any of the rights given to the Chargee under this Charge shall be deemed not to be a Chargee in possession nor a Mortgagee in possession.

21. **ADDITIONAL SECURITY**

IN THE EVENT that the Chargee, in addition to the said lands secured hereunder, holds further security on account of the monies secured herein, it is agreed that no single or partial exercise of any of the Chargee's powers hereunder or under any such security , shall preclude other and further exercise of any other rights, powers or remedies pursuant to any of such security. The Chargee shall at all times have the right to proceed against any, all or any portion of such security in such order and in such manner as it shall in it's sole discretion deem fit, without waiving any rights which the Chargee may have with respect to any and all of such security , and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining security, provided however, that upon payment of the full indebtedness secured hereunder the rights of the Chargee with respect to any and all such security shall be at an end.

22. **TAKING OF JUDGEMENT NOT A MERGER**

THE taking of a judgement or judgements or any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's rights to interest at a rate and times herein provided; and further that the said judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgement shall have been fully paid and satisfied.

23. **PRIORITY OVER VENDORS LIEN**

THE CHARGOR hereby acknowledges that this Charge is intended to be prior to any Vendor's Liens , whether in favor of the Chargor or otherwise, and the Chargor covenants that he has done no act to give priority over this Charge to any vendor's lien, nor is he aware of any circumstances that could create a vendor's lien. Further, the Chargor covenants to do all acts and execute all documents required to give this Charge priority over any vendor's lien and to give effect to the intent of this clause.

24. **RENEWAL OR EXTENSION OF TIME; ATTENTION SUBSEQUENT INTERESTS**

NO renewal or extension of the term of this Charge given by the Chargee to the Chargor, or anyone else claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of the said lands, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured, and this Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate if interest, or amended from time to time as to any of it's terms, including, without limitation, an increase of interest rate or principal amount not withstanding that there may be subsequent encumbrances And it shall not be necessary to register any such agreement in order to retain priority for this Charge so altered over any instrument registered subsequent to this Charge. Provided that nothing contained in this paragraph shall convey any right of renewal upon the Chargor.

PROVIDED further that the term of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of his interest in the lands hereby secured, the Chargor will remain liable as a principal debtor and not as a surety for the observance of all the terms and provisions herein and will in all matters pertaining to this Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof notwithstanding the giving of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor.

THE CHARGOR covenants and agrees with the Chargee that no agreement for renewal hereof or of extension of the time for payment of any monies payable hereunder shall result from, or be implied from any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of this Charge or any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thin, save only express agreement in writing between the Chargor and the Chargee.

25. **CONSTRUCTION LIENS**

The Chargee may at it's option , withhold from any advances for which the Chargor ma have qualified, such hold backs as the Chargee, in it's sole discretion, considers advisable to protect its position under the Construction Lien Act, 1983, as amended, so as to secure its priority over all liens , until the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this clause shall be construed to make the Chargee an owner or payer as defined in the Construction Lien Act, 1983, as amended, nor shall there be, or deemed to be, any obligation by the Chargee to retain any hod back which may be required by the said legislation. Any hold back which may be required to be made by the owner or payer shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the Construction Lien Act, 1982, as amended,

26. **EXPROPRIATION**

IF THE SAID lands or any part thereof shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation, the principal sum herein remaining unpaid shall at the option of the Chargee forthwith become due and payable together with interest thereon at the rate provided for herein to the date of payment together with a bonus equal to the aggregate of a) three months interest at the said rate calculated on the amount of principal remaining unpaid, and b) one month's interest at the rate provided for herein calculated on the principal remaining unpaid , for each full year of the term of this Charge or any part of such year from the said date of payment to the date such principal sum or balances thereof remaining unpaid would otherwise under the provisions of this Charge become due and payable and in any event all the proceeds of any expropriation shall be paid to the Chargee at its option in priority to the claims of any other party.

27. **PREAUTHORIZED CHEQUING PLAN**

PROVIDED that all payment made under this Charge by the Chargor, his heirs, executors, successors and assigns shall be made by a pre-authorized chequing payment plan as approved by the Chargee. The Chargee shall not be obligated to accept any payment excepting payment made by pre-authorized cheque. Failure to make all payment by pre-authorized cheque shall be an act of default within the meaning of this Charge and the Chargee shall be entitled to pursue any and all remedies herein and/or at law as it may deem necessary at it's option.

28. **POST-DATED CHEQUES**

THE CHARGOR shall, if and when required by the Chargee, in lieu of pre-authorized cheque payment plan, deliver to the Chargee upon the first advance of moneys hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the terms of this Charge, post-dated cheques for the payment pf principal, interest and estimated realty taxes required to be made herein during the twelve month period commencing on each such anniversary date. In the event of default by the Chargor in delivery to the Chargee of the post-dated cheques as herein provided , this Charge shall be deemed in default and the Chargee shall be entitled to pursue any and all it's remedies herein and /or at law as it may deem necessary at it's option. In addition, the Chargee upon the Chargor's failure to deliver such post-dated cheques as required hereunder shall be entitled to servicing fees for such written request that it makes to the Chargor for the purpose of obtaining such post-dated cheques.

ANY step taken by the Chargee hereunder by way of a request for further post-dated cheques shall be without prejudice to the Chargee's rights hereunder to declare the Charge to be in default in the event that such post-dated cheques are not delivered within the required time.

29. **PAYMENTS**

ALL payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at such place as the Chargee may designate in writing from time to time. In the event that any of the monies secured by this Charge are forwarded to the Chargee by mail, payment will not be deemed to have been made until the Chargee has actually received such monies, and the Chargor shall assume and be responsible for all risk of loss or delay.

30. **RECEIPT OF PAYMENT**

ANY payment received after 1:00 on any date shall be deemed, for the purpose of calculation of interest, to have been

made and received on the next bank business day and the Chargee shall be entitled to interest on the amount due it, to and including the day on which the payment is deemed by this provision to have been received.

31. **NO DEEMED RE-INVESTMENT**

THE PARTIES hereto agree that the Chargee shall not be deemed to reinvest any monthly or other payments received by it hereunder excepting any blended payments, if applicable.

32. **DISCHARGE**

THE CHARGEE shall have a reasonable period of time aftyer payment in full of the monies hereby secured whin which to prepare and execute a discharge of the Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has bee received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized.

33. **DISHONORED CHEQUES**

IN THE EVENT that any of the Chargor's cheques are not honored when presented for payment to the drawee, the Chargor shall pay to the Chargee for each such returned cheque a servicing fee of $ 25.oo to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honored by the drawee is not replaced forthwith by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request thereafter which may be necessitated by the Chargor not forthwith replacing such dishonored cheque.

34. **SERVICING FEES**

ALL servicing fees as herein provided are intended to compensate the Chargee for the Chargee's administrative costs and shall not be deemed a penalty. The amount of such servicing fees if not paid shall be added to the principal amount hereunder, and shall bear interest at the rate aforesaid and the Chargee shall have the same rights with respect to collecting of same as it does with respect to collection of principal and interest hereunder or at law.

35. **STATEMENTS OF ACCOUNT**

THE CHARGOR shall be entitled upon written request, a statement of account with respect to this Charge as of any payment date under this Charge, and the Chargee shall be entitled to a servicing fee for each such statement.

36. **FAMILY LAW ACT**

THE CHARGOR shall forthwith after any change or happening affecting any of the following, namely (a) the spousal status of the Chargor, (b) the qualification of the said lands as a matrimonial home within the meaning of the Family Law Act, as amended, (c) the ownership of the equity of redemption of the said lands, and (d) a shareholder of the Chargor obtaining rights to occupy the said lands by virtue of shareholding within the meaning of the Family Law Act, as amended, as the case may be, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the name and address of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession of the said lands by virtue of the said Act. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b), (c), and (d) above as the Chargee may from time to time request.

37. **INDEPENDENT LEGAL ADVICE**

THE CHARGOR and the Covenantor(s) acknowledge that they have full knowledge of the purpose and essence of this transaction, and that they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agree to provide the Chargee a Certificate of Independent Legal Advice as and when same may be required , regarding their knowledge and understanding of this transaction.

38. **NON-MERGER**

NOTWITHSTANDING the registration of this Charge and the advance of funds hereto, the terms and/or conditions of the Letter of Commitment pertaining to the loan transaction evidenced by this charge shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor any document executed and/or delivered on closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of such Letter of Commitment and this Charge, this Charge shall prevail.

39. CONSENT OF CHARGEE

WHEREVER the Chargor is required by this Charge to obtain the consent or approval of the Chargee, it is agreed that, subject to any other specific provision contained in this Charge to the contrary, the Chargee may give or withhold it's consent or approval for any reason that it may see fit in it's sole and absolute discretion, and the Chargee shall not be liable to the Chargor in damages or otherwise for it's failure or refusal to give or withhold such consent or approval , and all costs of obtaining such approval shall be for the account of the Chargor.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 991

40. INVALIDITY

IF ANY of the covenants or conditions in this Charge inclusive of all schedules forming a part hereof shall be void for any reason it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

41. HEADINGS

THE headings with respect to the various paragraphs of this Charge are intended to be for identification of the various provisions of this Charge only, and the wording of such headings is not intended to have any legal effect.

42. INTERPRETATION

PROVIDED and it is hereby agreed that , in construing this Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where there is more than one Chargor or Chargee or more than one covenanter, or there is a female party or a corporation or there is no covenantor, the provisions herein shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

43. SHORT FORM OF MORTGAGES ACT

IF ANY of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the Short Form of Mortgages Act, 1980, c 474 and distinguished by a number herein, this Charge shall be deemed to include and shall have the same effect as if it contained te form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this Charge shall be interpreted as if the Short Form of Mortgages Act was still in full force and effect.

44. BONUS

UPON DEFAULT of payment of any principal monies hereby secured at the time or times herein provided, the Chargee shall be entitled to require, in addition to all monies payable in accordance with this Charge, a bonus equal to three (3) month's interest in advance on the said principal monies and the Chargor shall not be entitled to require a discharge of this Charge without such payment. Nothing herein contained shall effect or limit the right of the Chargee to recover by action or otherwise the principal money so in arrears after default has been made.

45. COST

IN THIS CHARGE the word "cost" shall extend to and include legal costs incurred by the Chargee as between a solicitor and his own client.

46. NOTICE

WHENEVER a party to this Charge desires to give any notice to another, it shall be sufficient for all purposes if such notice is personally delivered or is by registered or certified mail, postage prepaid, addressed to the intended recipient stated herein or such other address communicated in writing by the addressee in a written notice to the sender.

Dated the First of October 1998

607614 ONTARIO LIMITED

Name: A.O. Schreiter
Title: President

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 991 Date

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 992 Code
Filing Date 22 JAN 1999 Date de Dépôt
Page 1 of/de 5 (FIVE) Pages
Dan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

FILED BY ASCU COMMUNITY CREDIT UNION LIMITED

FILING DATE: FILING No.

ASCU PREFERRED HOME EQUITY LINE OF CREDIT STANDARD CHARGE TERMS

The following set of standard charge terms shall be deemed to be included in every charge in which this set is referred to by its filing number, as provided in Section 9 of the Act.

1. DEFINITIONS

In this set of standard chargee terms and the Charge:

"Additional Amounts" means the costs, expenses, charges and other amounts which I have agreed to pay to the Credit Union pursuant to Sections 11 and 12 of this set of standard charge terms;

"Charge" means a Charge/Mortgage of Land which refers to the filing number of this set of standard charge terms (including all schedules attached thereto) as from time to time amended, replaced or otherwise modified;

"Credit Union" means the Credit Union named as the chargee in the Charge, its successors and assigns;

"I", "me" and "my" refer to each person who has signed the Charge as chargor, and their respective executors, administrators, legal representatives, successors and assigns;

"Indebtedness", "Interest Rate" and "ASCU Preferred Home Equity Line of Credit Obligations" have the meanings specified in Schedule 1 of the Charge;

"Principal Amount" means the amount specified as the principal amount in the Charge; and

"Property" means the land described in the Charge, all buildings, structures and improvements now or hereafter built, installed or erected thereon and all property now or hereafter attached, affixed or appurtenant to any of the foregoing.

2. NATURE OF THE CHARGE

I hereby charge all of my present and future interest in the Property to the Credit Union as continuing collateral security for the payment of the Indebtedness. If the amount of my ASCU Preferred Home Equity Line of Credit Obligations exceeds the Principal Amount, the Credit Union may determine which of my ASCU Preferred Home Equity Line of Credit Obligations are secured by the Charge and which are not. The Credit Union may apply and re-apply any payment it receives against such part of the Indebtedness as it sees fits.

3. OWNERSHIP OF THE PROPERTY

I own and occupy the Property and there are no restrictions, limitations or other encumbrances affecting my ownership thereof or my ability to grant the Charge, except for those registered in the Land Registry Office against the title to the Property and consented to by the Credit Union in writing. Without the prior written consent of the

Credit Union, I will not grant or permit the existence of any mortgages, charges, liens or other encumbrances against the Property or do or permit any thing to be done that would interfere with or lessen the rights of the Credit Union under the Charge. The Credit Union may at any time pay the amount of any mortgages, charges, liens or encumbrances against the Property which it has not consented to in writing and may charge to me the amount of all such payments.

4. SUBDIVISION OF THE PROPERTY

If the Property is subdivided before the Charge comes to an end, the Charge will cover each part into which the Property is subdivided and each such part will secure payment of all Indebtedness. The Credit Union may from time to time release any parts of the Property from the Charge, with or without consideration, as it thinks fit and the granting of such releases will not affect any rights of the Credit Union in respect of the parts of the Property remaining subject to the Charge or any of my obligations to the Credit Union.

5. CONDOMINIUMS

If the Property is a condominium unit (the "Unit") and is registered under the Condominium Act, the Property will include my interest in the common elements and in all other property relating to the Unit. In addition to my other obligations under the Charge, I will compiy with the Condominium Act and the declaration, by-laws and rules of the condominium corporation relating to the Unit and will pay when due my share of the common expenses of the condominium corporation and all other amounts which I may be required to pay in respect of the Unit. If I do not pay my share of the common expenses or any other amounts which I am required to pay in respect of the Unit, the Credit Union may do so and may charge to me the amount of all such payments.

6. PAYMENT OF INDEBTEDNESS

I will pay the Indebtedness to the Credit Union on demand.

7. INSURANCE

I will insure the buildings, structures and other improvements forming part of the Property to their full insurable value against such risks and upon such terms and conditions as the Credit Union may require. If I fail to obtain or renew the required insurance the Credit Union may pay the insurance premiums in respect thereof and may charge to me the amount of all such payments. I will provide the Credit Union with receipts or other evidence satisfactory to the Credit Union that the required insurance has been renewed from time to time at least two weeks before the expiration date of my policy. I will immediately give written notice to the Credit Union of any damage to or destruction of the Property and will pay to the Credit Union any insurance proceeds which I receive immediately upon receipt. The Credit Union will be entitled to apply any insurance proceeds which it receives against such part of the Indebtedness as it sees fit or may pay the costs of any repairs or rebuilding of the Property, all without affecting any of my obligations to the Credit Union or any of its rights under the Charge.

8. TAXES AND OTHER PAYMENTS

I will pay all taxes and assessments and all amounts payable under any mortgages, charges, liens and other encumbrances against the Property, as and when due, and immediately following such payment will provide the Credit Union with receipts or other evidence satisfactory to the Credit Union showing payment thereof. If I fail to pay any of the foregoing taxes, assessments or other amounts the Credit Union may

do so and may charge to me the amount of all such payments.

9. KEEPING THE PROPERTY IN GOOD CONDITION

I will keep the Property in good condition and will not do or allow any thing to be done that in the opinion of the Credit Union would lower the value of the Property. I will permit the Credit Union to inspect the Property when and as often as it considers necessary. If I fail to keep the Property in good condition or something is done which in the opinion of the Credit Union lowers its value, the Credit Union may make any repairs it considers necessary. The Credit Union may charge to me its costs in inspecting the Property or in making any repairs thereto.

10. CONSENT TO IMPROVEMENTS

I will not commence or allow any one else to commence any construction, installation, alteration, repair, demolition or other improvement on the Property, other than improvements of a minor nature required to keep the Property in good condition, unless the Credit Union has been provided with copies of and approved all contracts, plans and specifications relating to the proposed improvements. I will ensure that any improvements made to the Property will be completed in accordance with all applicable building codes and other applicable laws and additionally, in the case of improvements requiring the approval of the Credit Union, in accordance with the contracts, plans and specifications which it has approved. The Credit Union may withhold funds from any advances to me until it is satisfied that I have complied with all applicable holdback requirements.

11. ADDITIONAL AMOUNTS SECURED BY THE CHARGE

I will pay to the Credit Union on demand all amounts paid by the Credit Union and charged to me under the Charge, whether in connection with encumbrances against the Property, for insurance premiums, taxes, repairs or otherwise and all costs, expenses and charges paid by the Credit Union in connection therewith, including, without limitation, legal fees on a solicitor and his own client basis, appraisal and other professional fees, and interest thereon at the Interest Rate from the date that the payments were made, calculated in the manner provided in Schedule 1 of the Charge and the payment of all such amounts shall be secured by the Charge.

12. ENFORCEMENT OF THE CHARGE

If I fail to pay any amount which is payable by me under the Charge, the Credit Union, in addition to any other rights it may have at law, may lease or sell the Property in whole or in separate parts by public auction, private contract, for cash or credit, or by any combination thereof, as the Credit Union sees fit and at such rental or price as the Credit Union may reasonably obtain. I will pay to the Credit Union on demand all costs, expenses and charges paid by the Credit Union in enforcing, attempting to enforce or protecting any of its rights under the Charge or in the collection of the Indebtedness, including, without limitation, legal fees on a solicitor and his own client basis, appraisal fees and the commissions of real estate agents, together with interest on the amount of such costs, expenses and charges at the Interest Rate from the date that the payments were made, calculated in the manner provided in Schedule 1 of the Charge, and all such amounts shall be secured by the Charge. The Credit Union will be accountable to me only for the moneys which it actually receives from any sale or lease of the Property, as and when received, and if the moneys which it receives are not sufficient to satisfy the Indebtedness in full, I will pay the Credit Union the deficiency. I will not make any claims in respect of the Property against anyone who buys or leases it from the Credit Union or anyone who subsequently acquires any interest therein from or under any such person. If I have any claims in respect of the Property, I will make

them only against the Credit Union.

13. **DEALINGS BY THE CREDIT UNION**

The Credit Union may grant extensions of time and other indulgences, take and give up securities, accept compositions and proposals, grant releases and discharges and otherwise deal with me and other persons and any securities as the Credit Union sees fit without affecting any of its rights or any of my obligations under the Charge or any other securities it may hold or in respect of any Indebtedness.

14. **EFFECT OF JUDGMENTS**

No judgment against me shall operate as a merger of any of my obligations to the Credit Union and the Credit Union will be entitled to receive interest on the Indebtedness after judgment calculated at the rate and in the manner specified in Schedule 1 of the Charge.

15. **EFFECT ON OTHER AGREEMENTS AND SECURITY**

The Charge will not operate as a merger of any of my obligations to the Credit Union and will not affect any rights of the Credit Union under any other securities it may hold or in respect of the Indebtedness.

16. **TERMINATION OF THE CHARGE**

The Charge will not cease to operate or be discharged if at any time I am not indebted or otherwise liable to the Credit Union or because of any change in the amount, nature or form of any of my obligations to the Credit Union or any renewal, extension, amendment or replacement of any bills, notes, agreements or any other instruments or documents representing or evidencing such obligations. My obligations and the rights of the Credit Union under the Charge will only end when I have repaid the Indebtedness in full, I have performed all of my obligations under the Charge and the Credit Union upon my request has signed and delivered to me a discharge of the Charge.

17. **FURTHER ASSURANCES**

I will sign any other agreements, instruments and documents and do all such other acts and things which the Credit Union may require of me to more effectively charge my interest in the Property.

18. **HEADINGS**

The headings used in this set of standard charge terms and the Charge have been inserted for convenience only and do not affect the meaning of any provisions of the Charge.

19. **SUCCESSORS AND ASSIGNS**

The Charge will be binding on my heirs, administrators, executors, legal representatives, successors and assigns and will enure to the benefit of the successors and assigns of the Credit Union.

20. **EXCLUSION OF STATUTORY COVENANTS**

The covenants set out in Section 7(1) and the provisions relating to defeasance set out in Section 6(2) of the Land Registration Reform Act, 1984 are excluded from the Charge.

ACKNOWLEDGEMENT

This set of Standard Charge Terms is included in a Charge dated _____ made by me in favour of ASCU Community Credit Union Limited and I hereby acknowledge having received a copy of this set of Standard Charge Terms before signing the Charge.

DATED at Sault Ste. Marie this ____ day of _____, _____.

_____
Chargor

_____
Chargor

DATED the 20th day of January, 1999.

ASCU COMMUNITY CREDIT UNION LIMITED

Per: _____
Gregory Peres
Chief Financial Officer

Per: _____
Duane Fecteau
Commercial Accounts Manager

WE HAVE THE AUTHORITY TO BIND THE CORPORATION.

[WP\stdchgtr.hme]

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 992 Date

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Filing No. 993 Cote
Filing Date 9 FEB 1999 Date de Dépôt
Page 1 of/de 27 (Twenty Seven) Pages

Dan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: ICI MORTGAGE MANAGERS INC.

Filing Date:
Filing No.

The following set of Standard Charge Terms shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

1. STATUTORY COVENANTS

THE IMPLIED COVENANTS deemed to be included in a Charge pursuant to Section 7(1) of the Land Registration Reform Act, (as varied herein) shall be in addition to, and not in substitution for, the covenants and other provisions set forth in the Charge. In the event of any conflict between any such implied covenants (as varied herein) and any other covenant or provision of the Charge, such covenant or provision as herein contained shall prevail. The lands which shall be subject to this Charge and the lands against which this Charge shall be registered shall hereinafter be referred to as the **"said lands"** or the **"lands"** or the **"Property"**. The parties guaranteeing the obligations of the Chargor shall hereinafter be referred to as the "Guarantors" and if a single party is guaranteeing those obligations, he or she shall hereinafter be referred to as the "Guarantor".

2. PROVISO FOR REDEMPTION

PROVIDED this Charge shall be void upon payment of the principal sum herein, in lawful money of Canada with interest as herein provided and taxes and performance of statute labour and performance of all covenants in this Charge. The principal sum secured hereunder together with interest thereon and all other sums payable by the Chargor hereunder shall collectively be referred to as the "Indebtedness".

3. RELEASE

AND THE said Chargor doth release to the said Chargee all its claims upon the said lands, subject to the proviso for redemption herein.

4. ADVANCE OF FUNDS

THE CHARGOR agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the monies hereby secured, nor shall the advance of a part of the principal sum herein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor, and the expenses of the examination of the title and of this Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the said lands, and shall be, without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies herein shall be exercisable.

5. CHARGOR'S COVENANTS

THE CHARGOR covenants with the Chargee that the Chargor will pay the principal sum herein and interest and observe the proviso for redemption herein, and will pay as they fall due all taxes, rates and assessments, whether municipal, local, parliamentary or otherwise which now are or may hereafter be imposed, charged or levied upon the said lands and when required by the Chargee, shall transmit the receipts therefor to the Chargee;

THE CHARGOR further covenants with the Chargee that the Chargor will pay all amounts which are payable hereunder or which are capable of being added to the principal sum herein pursuant to the provisions of this Charge, including, without limiting the generality of the foregoing, all servicing or other fees, costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the said lands; all costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the said lands; all costs incurred by the

Chargee, including legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the Chargee arising out of or in any way related to this Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the said lands and any and all costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise;

AND THAT THE CHARGOR has a good title in fee simple to the said lands and has good right, full power and lawful and absolute authority to charge the said lands and to give his Charge to the Chargee upon the covenants contained in this Charge;

AND THAT THE CHARGOR has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the said lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the appropriate land registry office disclose;

AND THAT THE CHARGOR will execute such further assurances of the said lands as may be requisite;

AND THAT THE CHARGOR will produce the title deeds and allow copies to be made at the expense of the Chargor.

6. INSURANCE

AND THAT the said Chargor covenants and agrees that it will insure and keep insured during the term of this Charge the buildings on the said lands (now or hereafter erected) on an all-risk basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money secured herein, with no co-insurance provisions and with the Chargee's standard mortgage clause forming part of such insurance policy and with such insurance to include liability insurance and business interruption insurance if required by the Chargee. All such policies shall provide for loss payable to the Chargee and contain such clauses, coverages and provisions as the Chargee or its insurance consultant may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been initiated and/or extended for a minimum period of at least one year and that all premiums with respect to such term of coverage have been paid for in full, shall be produced to the Chargee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Chargee may provide therefor and charge the premium paid therefor and interest thereon at the aforesaid rate to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the said lands secured by this Charge.

IN THE event that the evidence of continuation of such insurance as herein required has not been delivered to the Chargee within the required time, the Chargee shall be cntitled to a servicing fee for each written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee, pursuant to the within provision, arranges insurance coverage with respect to the said lands, the Chargee, in addition to the aforenoted servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

IN THE EVENT of any loss or damage, the Chargor shall forthwith notify the Chargee in writing and, notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Chargee may, at its option, require the said monies to be applied by the Chargor in making good the loss or damage in respect of which the money is received or, in the alternative, may require that any or all of the monies so received be applied in or towards satisfaction of any or all of the indebtedness hereby secured, whether or not such indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee in any event.

7. UTILITIES

THE CHARGOR covenants that he will pay all utility and fuel charges related to the said lands as and when they are due and that he will not allow or cause the supply of utilities or fuel to the said lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is

interrupted or discontinued, he will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuing of the supply of fuel or utilities to the said lands shall constitute a default by the Chargor within the meaning of this Charge and in addition to all other remedies provided for herein, the Charge shall, at the sole option of the Chargee, forthwith become due and payable in full.

8. TAXES

WITH respect to municipal taxes, school taxes and local improvement rates and charges (herein referred to as **"taxes"**) chargeable against the said lands, the Chargor covenants and agrees with the Chargee that:

(a) The Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay the taxes which have become due and payable during any calendar year.

(b) The Chargee may at its sole option estimate the amount of taxes chargeable against the said lands and payable in each year and the Chargor shall forthwith upon the demand of the Chargee pay to the Chargee one-twelfth (1/12) of the estimated annual amount of such taxes on each monthly payment date during the term of this Charge. The Chargee shall apply such payments to the taxes so long as the Chargor is not in default, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of taxes, and if before such payments have been so applied by the Chargee there shall be default by the Chargor hereunder, the Chargee may at its option apply such sum or sums in or towards curing the default. In no event shall the Chargee be liable for any interest on any amount paid to it and the monies so received may be held with its own funds pending payment or application thereof.

(c) In the event that the taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amount required to make up the deficiency.

(d) The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes upon the said lands forthwith after receipt, together with such receipts or evidence of payment of taxes as the Chargor may require in the event the Chargor pays taxes directly to the taxing authority.

(e) The Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future tax liabilities.

(f) The Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any late payment of current tax instalments or any arrears of taxes, and at no time shall such penalty be the responsibility of the Chargee.

9. COMPLIANCE WITH LAWS AND REGULATIONS

THE CHARGOR covenants and agrees that it will promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the said lands and further covenants and agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10. REPAIR

THE CHARGOR covenants and agrees that it will keep the said lands, including the buildings, erections and improvements thereon, in good condition and repair according to the nature and

description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the said lands, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Chargor neglects to keep the said lands in good condition and repair, or commits or permits any act of waste on the said lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the Charge shall, at the option of the Chargee, forthwith become due and payable in full, and the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Chargee may make such repairs as it deems necessary, and the costs, charges and expenses including servicing fees for the time and services of any employee of the Chargee with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the lands prior to all claims thereon subsequent to this Charge.

11. ALTERATIONS OR ADDITIONS

THE CHARGOR covenants and agrees that it will not make or permit to be made any alterations or additions to the said lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to the compliance with such terms and conditions at the cost of the Chargor as the Chargee may impose.

12. LANDS INCLUDE ALL ADDITIONS

THE SAID LANDS shall include all structures and installations brought or placed on the said lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereon whether or not affixed (in law) to the said lands, including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and it is understood and agreed that the same shall become fixtures and an accession to the freehold and a part of the realty.

13. CHANGE OF USE

THE CHARGOR covenants and agrees that it will not change or permit to be changed the use of the said lands without the prior written consent of the Chargee and, further, at no time shall the said lands be used in a manner that would contravene the legislation, laws, rules, requirements, orders, directions, ordinances and regulations of any applicable governmental authority in force from time to time.

14. ENVIRONMENTAL COMPLIANCE

(a) The Chargor expressly covenants and represents to the Chargee that the Property, or any part thereof, does not contain, nor will in the future contain any Hazardous Substances (as hereinafter defined). Neither the Chargor nor any lessee, licensee or any other party acting at the direction of or with the consent of the Chargor or said lessee or said licensee, has manufactured, treated, stored or disposed of Hazardous Substances on the Property. The Chargor covenants that it is in material compliance with and maintains compliance with all of the provisions of the Environmental Protection Act and all other applicable federal, provincial and local laws, administrative rulings, and regulations of any court, administrative agency or other governmental or quasi-governmental authority relating to the protection of the environment. For purposes hereof, the term "Hazardous Substances" means any one or more of the following: (i) any substance deemed hazardous under the Environmental Protection Act; (ii) any other substance deemed hazardous by the Ministry of the Environment; (iii) petroleum (including crude oil or any fraction thereof); or (iv) any other hazardous or toxic substance, material, compound, mixture, solution, element, pollutant or waste regulated under any federal, provincial or local statute, ordinance or regulation, including without limiting the generality of the foregoing, urea formaldehyde foam insulation;

(b) The Chargor shall immediately advise the Chargee in writing of (i) any and all

enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened pursuant to any applicable federal, provincial or local laws, ordinances, or regulations relating to any Hazardous Substances affecting the Property (the "Hazardous Substances Laws"); (ii) all claims made or threatened by any third party against the Chargor or the Property relating to damage, contribution, cost recovery compensation, loss or injury (the matters set forth in subsections (i) and (ii) above are collectively referred to herein as the "Hazardous Substances Claims"); and (iii) the Chargor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property, or any part thereof, to be subject to any restriction on the ownership, occupancy, transferability, or use of the Property under any Hazardous Substances Laws;

(c) The Chargee shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Substances Claims and to have its solicitor's fees and costs (at all trial, appellate and bankruptcy levels) in connection therewith paid by the Chargor;

(d) The Chargor shall not, without the Chargee's prior written consent, take any remedial action in response to the presence of any Hazardous Substances on, under or about the Property, nor enter into any settlement agreement, or other compromise in respect to any Hazardous Substances Claims, which remedial action, settlement, consent or compromise might, in the Chargee's sole judgment, impair the value of the Chargee's security under this Charge; provided, however, that the Chargee's prior written consent shall not be necessary in the event that the presence of Hazardous Substances on, under or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain the Chargee's consent before taking such action, provided that in such event the Chargor shall notify the Chargee as soon as practicable of any action so taken. The Chargee agrees not to withhold its consent, when such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, or (ii) the Chargor establishes to the satisfaction of the Chargee that there is no alternative to such remedial action which would result in the impairment of the Chargee's security under this Charge or any other loan documents;

(e) The Chargor shall be solely responsible for, and shall fully and promptly pay, perform, discharge, defend and indemnify and hold harmless the Chargee, its directors, officers, employees, agents, successors and assigns, from and against all loss, damage, claims, liabilities, orders, demands, actions, proceedings, or suits, and all losses, costs, fines, penalties, charges, damages or expenses (including, but not limited to, court costs, technical consultant fees and expenses, and solicitor's fees and expenses (at all trial, appellate and bankruptcy levels) arising directly or indirectly, in whole or in part, out of: (i) the presence on or under the Property of any Hazardous Substances; (ii) any activity carried on or undertaken on or off the Property, whether prior to or during the terms of this Charge, and whether by the Chargor or any predecessor in title, or third persons at any time occupying or present on the Property, in connection with the use, generation, treatment, decontamination, handling, removal, storage, clean-up, transport or disposal of any Hazardous Substances at any time located or present on or under the Property; and (iii) any act, occurrence, or omission in violation of or contrary to the representations and warranties made herein;

(f) The Chargor agrees at all times to comply fully and in a timely manner with, and to cause all tenants, employees, agents, contractors, and subcontractors of the Chargor and any other persons occupying or present on the Property to so comply with, all applicable federal, provincial and local laws, regulations, guidelines, codes and ordinances applicable to the use, generation, handling, storage, treatment, transport and disposal of any Hazardous Substances now or hereafter located or present on or under the Property, and the Chargor agrees to indemnify and hold harmless the Chargee from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements,

enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, solicitor's fees and expenses through all appellate levels), arising directly or indirectly, in whole or in part, from any failure of the Chargor, its employees, agents, tenants, contractors, subcontractors, or other such persons, to comply with any such laws, regulations, guidelines, codes or ordinances;

(g) The foregoing environmental obligations of the Chargor shall survive the terms of this Charge, any foreclosure of this Charge or any transfer of the Property, and shall be enforceable against the Chargor in addition to all other obligations of the Chargor hereunder.

15. EVENTS OF DEFAULT

Without limiting any of the provisions of this Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon shall, at the Chargee's option, immediately become due and payable without notice or demand:

(a) Failure of the Chargor or Guarantors or any of them to pay any instalment of principal, interest and/or taxes under this Charge or under any charge or other encumbrance on the said lands, on the date upon which any of the payments for same become due;

(b) Failure of the Chargor or Guarantors to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application for this Charge or the letter of commitment for the loan secured by this Charge, the provisions of this Charge, or any other document giving contractual relationship as between the Chargor and Chargee herein, or if it is found at any time that any representation to the Chargee with respect to the loan secured by this Charge or in any way related thereto is incorrect or misleading.

(c) Default by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any charge or other encumbrance affecting the said lands, whether or not it has priority over this Charge.

(d) The registration of any construction lien against the said lands which is not discharged within a period of ten (10) days after the date of registration thereof, or the filing of a writ of execution in the hands of the sheriff in the judicial district where the lands are situate.

(e) In the event that it is discovered that the building(s) on the said lands contain Urea Formaldehyde Foam Insulation or that the Chargor has insulated the property with Urea Formaldehyde Foam Insulation.

(f) The Property is abandoned, any act of waste is committed as to all or any part of the Property, or any building or other structure now or later being erected on the Property remains unfinished and without any work being done on it for a period of ten consecutive days.

(g) The Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property or any Lease or any interest in any of the foregoing, or agrees to do so, without the Chargee's prior written consent.

(h) The Chargor ceases to carry on the business ordinarily carried on from the Property without the Chargee's prior written consent.

(i) In the opinion of the Chargee, there is a change in effective control of the Chargor (if the Chargor is a corporation).

(j) Any order is made or resolution passed for the winding-up, liquidation or other dissolution of the chargor (if the chargor is a corporation), or there is a change in the membership or a dissolution of the Chargor (if the Chargor is a partnership).

(k) The Chargor or Guarantor makes an assignment for the benefit of creditors or any proceedings shall be instituted by or against the Chargor or Guarantor seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for it or for any of its property (excluding proceedings which are being contested by the Chargor in good faith, which have been outstanding for fewer than 30 days and in respect of which any enforcement proceedings are stayed), or the Chargor or Guarantor is declared bankrupt or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Property, or power of sale or foreclosure proceedings are commenced against all or any part of the Property.

(l) Another encumbrancer takes possession of all or any part of the Property or a distress or execution or other similar process is brought against the Property or any such part.

(m) All or any part of the Property is expropriated.

(n) The use, storage or discharge onto the Property of any material or contaminant or the discovery of any of such material or contaminant whether caused by the Chargor or not, that violates the Environmental Protection Act or any other municipal, provincial or federal environmental health law or regulation.

16. REMEDIES ON DEFAULT

In any of the events or circumstances set out in paragraph 15 has occurred and is continuing, the Chargee may (but shall have no obligation to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any one or more of the following remedies:

(i) sue the Chargor for all or any part of the Indebtedness;

(ii) distrain for arrears of all or any part of the Indebtedness;

(iii) take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Property or any Lease, to take possession of it and/or to sell, lease or otherwise deal with it;

(iv) enter on and take possession of all or any part of the Property;

(v) sell and/or lease all or any part of the Property or sell the unexpired term of years demised by any lease;

(vi) assign any lease and sell the last day of the term granted by the lease and/or remove the chargor or any other person from being a trustee of the last day of the term of any Lease and appoint a new trustee or trustees in its place;

(vii) appoint in writing a receiver (which term as used herein includes a receiver and manager) of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place, or in the alternative appoint a property manager;

(viii) exercise in respect of each insurance policy, insurance trust agreement, lease, rent and benefit assigned to the Chargee the remedies exercisable by the Chargee in respect of all or any part of the Property; and

(ix) exercise any other rights or remedies which the Chargee may have, whether pursuant to the charge, at law, in equity, by contract or otherwise.

17. SALE OR CHANGE OF CONTROL

PROVIDED that, in the event of a further encumbrance or a sale, conveyance or transfer of

the said lands or any portion thereof, or a change in control of the Chargor or a change in the beneficial ownership of the said lands or any portion thereof or a lease of the whole of the said lands, all sums secured hereunder shall, unless the written consent of the Chargee has been first obtained, forthwith become due and payable at the Chargee's option. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any person claiming through or under him, and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision.

PROVIDED further that no permitted sale or other dealing by the Chargor with the said lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

18. DEFAULT

PROVIDED that the Chargee may, on default of payment or default in the performance of any covenant in this Charge contained or implied by law or statute for fifteen (15) days, on thirty-five (35) days notice, enter on and lease the said lands or in default of payment or in default in performance of any covenant in this Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days notice sell the said lands. Such notice shall be given to such persons and in such manner and form and within such time as provided under the Mortgages Act, as amended from time to time. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the said lands, if occupied, or by placing it on the said lands, if unoccupied or, at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in the newspaper published in the county or district in which the lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person who may be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by personal service upon such representatives.

PROVIDED FURTHER, without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in payment or the performance of any covenant contained in the Charge and such default continues for two months, the Chargee may exercise the powers given under the preceding proviso with or without entry on the said lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as so required by law. AND that the Chargee may sell the whole or any part or parts of the said lands by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the said lands by reason of non-payment or procuring payment of monies secured hereby or otherwise; and that the Chargee may sell the whole or any part of the said lands on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence of commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the said lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee, and for any of the said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.

AND it is hereby agreed between the parties hereto that the Chargee may pay all premiums of insurance and all taxes and rates which shall from time to time fall due and be unpaid in respect of the said lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering and keeping possession of the said lands, and of negotiating this loan, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security (including legal fees, real estate commissions, appraisal costs and other costs incurred in leasing or selling the said lands or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate aforesaid, a charge upon the said lands in favour of the Chargee and it is hereby agreed that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the said lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers in this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

PROVIDED that wherever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the persons to whom notice of exercising such power shall be given and the manner of giving such notice shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no conflict, the provisions of this Charge shall remain unchanged.

PROVIDED that the Chargee may lease or sell as aforesaid without entering into possession of the said lands.

PROVIDED that in default of payment of the Indebtedness, the Chargee may distrain for payment of same upon the Property any part thereof and all chattels situated thereon and by distress warrant recover, by way of rent reserved from the lands so much moneys as shall from time to time be or remain in arrears and all costs, charges and expenses incurred by or on behalf of the Chargee with respect to or in connection therewith as in like cases of distress for rent. The Chargor waives the right to claim exceptions and agrees that the Chargee shall not be limited in the amount for which it may distrain.

PROVIDED that to the extent the lands or any part thereof is not residential premises so as to be subject to the provisions of the Landlord and Tenant Act, the Chargor hereby attorns to and becomes a tenant of the Property to the Chargee from year to year from the day of the execution of the Charge during the term of the Charge and any renewal or renewals thereof at a rental equivalent to and applicable in satisfaction of the interest payments forming part of the Indebtedness, the legal relation of landlord and tenant being hereby constituted between the Chargee and the Chargor in regard to the Property. It is agreed that neither the existence of this provision nor anything done by virtue hereof shall render the Chargee accountable for any moneys except those actually received by it and the Chargee may, on default of payment or in breach of any of the covenants contained or included in the Charge, enter on the Property and determine the tenancy hereby created without notice.

PROVIDED that in default of the payment of the interest hereby secured the principal sum herein shall become payable at the option of the Chargee, together with interest thereon.

PROVIDED that upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

PROVIDED that, until default hereunder, the Chargor shall have quiet possession of the said lands.

PROVIDED that the Chargee may in writing at any time or times after default waive such

default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.

AND it is further agreed by and between the parties that the Chargee may at its discretion at any time release any part or parts of the said lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the said lands or any person from this Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the said lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further, the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the said lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

IT IS FURTHER agreed that the Chargee may exercise all remedies provided for in this Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its right under any other provisions contained in this Charge.

19. INSPECTION

THE CHARGEE shall have access to and the right to inspect the said lands at all reasonable times.

20. TAKING OF JUDGMENT NOT A MERGER

THE taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and, further, the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

21. RENEWAL OR EXTENSION OF TIME

NO renewal or extension of the term of this Charge given by the Chargee to the Chargor, or anyone claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of said lands shall in any way affect or prejudice the rights of the Chargee against the Chargor or any person liable for the payment of the monies hereby secured, and this Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount, notwithstanding that there may be subsequent encumbrancers. And it shall not be necessary to register any such agreement in order to retain priority for this Charge so altered over any instrument registered subsequent to this Charge.

PROVIDED that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

PROVIDED further that the terms of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of his interest in the lands hereby secured, the Chargor and Guarantors will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to this Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof, notwithstanding the giving of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor.

THE CHARGOR covenants and agrees with the Chargee that no agreement for renewal hereof or for extension of the time for payment of any monies payable hereunder shall result from or be implied from any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of this Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only by express agreement in writing between the Chargor and the Chargee.

22. CONSTRUCTION LIENS

THE CHARGOR and Chargee hereby acknowledge, confirm and agree that the funds committed by the Chargee to the Chargor pursuant to this loan are not intended to be utilized for the purposes of securing financing of any improvements whatsoever with regard to the subject lands on the security of which the funds shall be advanced pursuant to this Charge, nor for the purposes of repaying any financing, charge or otherwise, which was utilized or intended for the financing of an improvement with regard to the subject lands, and accordingly, it is not the intention for the security to be taken pursuant to the letter of commitment to be a "Building Mortgage" within the definition of the Construction Lien Act, 1983, or a charge taken out to repay a "Building Mortgage" within the meaning of the Construction Lien Act, 1983.

IN THE EVENT that the funds committed by the Chargee to the Chargor pursuant to this loan are intended to be utilized for the purpose of securing financing of an improvement with regard to the subject lands, then the following provisions shall apply:

THE CHARGEE may, at its option, withhold from any advances for which the Chargor may have qualified, such holdbacks as the Chargee, in its sole discretion, considers advisable to protect its position under the provisions of the Construction Lien Act, 1983, as amended, so as to secure its priority over all liens, until the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this clause shall be construed to make the Chargee an "owner" or "payer", as defined under the Construction Lien Act, 1983, as amended, nor shall there be, or be deemed to be, any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be made by the owner or payer shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of the Construction Lien Act, 1983, as amended.

23. EXPROPRIATION

IF the said lands or any part thereof shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation, the principal sum herein remaining unpaid shall, at the option of the Chargee, forthwith become due and payable together with interest thereon at the rate provided for herein to the date of payment together with a bonus to be determined by the Chargee which shall not be limited to but may, at the option of the Chargee, be equal to the aggregate of (a) three months interest at the said rate calculated on the amount of the principal remaining unpaid AND (b) one month's interest at the rate provided for herein calculated on the principal remaining unpaid, for each full year of the term of this Charge or any part of such year from the said date of payment to the date the said principal sum or balance thereof remaining unpaid would otherwise under the provisions of this Charge become due and payable and in any event all the proceeds of any expropriation shall be paid to the Chargee at its option in priority to the claims of any other party.

24. PRE-AUTHORIZED CHEQUING PLAN

PROVIDED that all payments made under this Charge by the Chargor shall be made by pre-authorized cheque payment plan as approved by the Chargee or at the Chargee's option by post-dated cheques which shall be provided annually for the next ensuing twelve (12) payments and thereafter on each anniversary date thereon in each year for the duration of the term of this Charge. The Chargee shall not be obligated to accept any payment excepting payment made by pre-authorized cheque or post-dated cheque. Failure to make all payments in the manner required by the Chargee shall be an act of default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary

at its option.

25. PAYMENT

ALL payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at such place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by this Charge are forwarded to the Chargee by mail or any other means of delivery, payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay.

ANY payment received after 1:00 p.m. on any date shall be deemed, for the purpose of calculation of interest, to have been made and received on the next bank business day and the Chargee shall be entitled to interest on the amount due it to and including the date on which the payment is deemed by this provision to have been received.

26. NO DEEMED RE-INVESTMENT

THE PARTIES hereto agree that the Chargee shall not be deemed to re-invest any monthly or other payments received by it hereunder excepting only blended monthly payments, if applicable.

27. DISCHARGE

THE CHARGEE shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of this Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized.

28. DISHONOURED CHEQUES

IN THE EVENT that any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay to the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

29. SERVICING FEES

ALL servicing fees as herein provided are intended to compensate the Chargee for the Chargee's administrative costs and shall not be deemed a penalty. The amount of such servicing fees, if not paid, shall be added to the principal amount secured hereunder and shall bear interest at the rate aforesaid and the Chargee shall have the same rights with respect to the collection of same as it does with respect to the collection of principal and interest hereunder or at law.

30. STATEMENTS OF ACCOUNT

THE CHARGOR shall be entitled to receive, upon written request, a statement of account with respect to this Charge as of any payment date under this Charge and the Chargee shall be entitled to a servicing fee for each such statement.

31. THE FAMILY LAW ACT

THE CHARGOR shall forthwith after any change or happening affecting any of the following, namely (a) the spousal status of the Chargor, (b) the qualification of the said lands as a matrimonial home within the meaning of the Family Law Act, as amended, (c) the ownership of the equity of redemption in the said lands, and (d) a shareholder of the Chargor obtaining rights to occupy the said lands by virtue of any shareholding within the meaning of the Family Law Act, as the case may be, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the said lands by virtue of the said Act. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b), (c) and (d) above as the Chargee may from time to time request.

32. INDEPENDENT LEGAL ADVICE

THE CHARGOR and Guarantor(s) acknowledge that they have full knowledge of the purpose and essence of this transaction and that, if required, they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agree to provide to the Chargee a Certificate of Independent Legal Advice as and when same may be required regarding their knowledge and understanding of this transaction.

33. NON-MERGER

NOTWITHSTANDING the registration of this Charge and the advance of funds pursuant hereto the terms and/or conditions of the letter of commitment issued by the Chargee pertaining to the loan transaction evidenced by this Charge (the "Commitment Letter") shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and/or delivered on the closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of the Commitment Letter and this Charge, the Chargee shall determine in its sole discretion which provisions shall prevail.

34. CONSENT OF CHARGEE

WHEREVER the Chargor is required by this Charge to obtain the consent or approval of the Chargee, it is agreed that subject to any other specific provision contained in this Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion and the Chargee shall not be liable to the Chargor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval shall be for the account of the Chargor.

35. GUARANTEE CLAUSE

ALL debts and liabilities, present and future of the Mortgagor to the Guarantors are hereby assigned to the Mortgagee and postponed to the guaranteed liabilities, and all monies received by the Guarantors in respect thereof shall be received in trust for the Mortgagee and forthwith upon receipt shall be paid over to the Mortgagee, the whole without in any way lessening or limiting the liability of the Guarantors under this guarantee; and this assignment and postponement is independent of the guarantee and shall remain in full force and effect until repayment in full to the Mortgagee of all the guaranteed liabilities, notwithstanding that the liability of the Guarantors or any of them under this guarantee may have been discharged or terminated.

IN CONSIDERATION of the Chargee making the loan hereby secured, the Guarantors for themselves, their heirs, executors, administrators, successors and assigns, (a) agree to be jointly and severally liable with the Chargor as principal debtors and not as sureties for the due payment of all monies payable under the Charge at the times and in the manner provided; (b) unconditionally guarantee full performance and discharge of the Chargor's obligations pursuant to the provisions of the Charge at the times and in the manner provided; (c) agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or be or become liable for by reason of: i) the failure

for any reason whatsoever of the Chargor to pay the monies expressed to be payable pursuant to the provisions of this Charge; ii) the failure for any reason whatsoever of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge; iii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the said monies or the obtaining of performance by the Chargor of any other act, matter or thing pursuant to the provisions of this Charge, (d) agree that the Chargee shall not be obliged to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce its obligations herein set out and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligation of the Chargor, (e) agree that the Chargee may at any time and from time to time and without notice to the Chargors or Guarantors or any comment, concurrence or consent by the Guarantors, grant time, renewals, extensions, indulgences, releases, and discharges to, take securities (which would include other guarantees) from and give the same up to, abstain from taking securities from or from perfecting securities of, and otherwise deal with the Chargor and others and all securities including without limitation the giving of time for payment of the Charge, the varying of terms of payment of the Charge or the varying of the rate of interest on the Charge, or varying any other terms of the Charge, as the Chargee may see fit, and no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights nor the loss by operation of law of any right of the Chargee against the Chargor shall in any way release or diminish the Guarantors' liability hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, (f) no invalidity, irregularity or unenforceability of all or any part of the Chargor's obligations or of any security provided to secure the Chargor's obligations shall affect, impair or be a defence to this guarantee; and (g) this is a contract of continuing guarantee and the obligations of the Guarantors shall be continuing obligations and a fresh cause of action and shall be deemed to arise in respect of each such default on the part of the Chargor.

Without limiting the generality of the foregoing, it is expressly understood and agreed by the Guarantors that this guarantee shall bind the Guarantors and each of them notwithstanding the giving of time for payment of this Charge or the varying of the terms of payment thereof or the rate of interest herein provided for or the giving of a release or partial release of covenant not to sue any of the Chargors or Guarantors or the entry into of any renewal agreement, extension agreement or mortgage amending agreement or any other agreement having the effect of modifying any of the terms of payment or any other matter contained in this Charge whatsoever.

All references herein to the "Chargor", the "Guarantor", or the "Chargee" shall be deemed to mean the Chargor, its successors and assigns, the Guarantor, its successors and assigns, and the Chargee, its successors and assigns, as the case may be, and all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor, the Guarantor, and the Chargee shall be equally binding upon their successors and assigns, as the case may be. It is understood and agreed that in construing this clause, the words "Chargor", "Guarantor", and "Chargee", and the personal pronoun "he" or "his", relating thereto and used therewith, shall be read and construed as "Chargor or Chargors", "Guarantor or Guarantors", "Chargee or Chargees", and "his", "her", "it", "its", or "their" respectively as the number and gender of the party or parties referred to in each case require, and the verb used in relation therewith shall be construed as agreeing with the said word or pronoun so substituted.

36. PAYMENT PROVISIONS - BLENDED

UNLESS otherwise specified in a schedule to this Charge, the following blended payment provisions shall apply.

WITH respect to interest payable up to and including the interest adjustment date, notwithstanding the foregoing, interest at the interest rate stipulated in the Charge on the amount advanced from time to time shall be computed monthly from the date of such advances and shall become due and be paid on the interest adjustment date.

PROVIDED that the Chargee may require the aforesaid interest on the principal advances from time to time, computed and calculated monthly from the date of such advance, to become due and payable in monthly instalments on the first day of the month following the first advance and on the first day of each and every month thereafter and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the date for adjustment of

interest. At the option of the Chargee, interest so due and payable may be deducted from any or all of such advances. Except for the rate of interest payable up to the interest adjustment date, wherever in this Charge reference is made to "the rate of interest provided for in this Charge" or "the said rate of interest" or the "said rate", the rate of interest shall be deemed to be a reference to the said rate of interest calculated half-yearly, not in advance.

NOTWITHSTANDING the foregoing, the date for adjustment of interest, the date for commencement of the monthly instalments and the date for payment of the balance of the principal sum secured hereby, may at the option of the Chargee be changed, altered or varied so that the date for adjustment of interest shall be the first day of the month following the month in which the final advance on the principal sum is made by the Chargee (hereinafter sometimes referred to as the "revised date for adjustment of interest") and in such event the date for the first monthly instalment shall be the first day of the month next following the revised date for adjustment of interest and the date for payment of the balance of the principal sum secured hereby shall be the anniversary of the revised date for adjustment of interest and the Chargee shall be the sole judge of when the final advance has been made.

EACH payment when received is to be applied firstly to interest calculated as aforesaid on the principal sum from time to time unpaid and the balance if any of the said monthly instalments shall be applied on account of and in reduction of the principal.

NOTWITHSTANDING the foregoing, in the case of default by the Chargor, the Chargee may then apply any payments received in whatever order it may elect as between taxes, interest, repairs, insurance premiums, any other advance or payments made by the Chargee on behalf of the Chargor hereunder and the unpaid balance of the principal.

AND taxes and performance of Statute Labour; and payment of taxes as hereinafter set forth; and observance and performance of all covenants, provisos and conditions herein contained.

AND it is hereby agreed that in the case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time as well after as before maturity shall bear interest at the rate aforesaid and in case the interest and compound interest are not paid within one (1) month from the time of default, a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time and all such interest and compound interest shall be a charge upon the said lands.

37. CONDOMINIUM CLAUSES

THE CHARGOR and Chargee covenant and agree that in the event that the security for the within Charge shall be a condominium unit the following provisions shall apply.

THE Chargor does hereby assign to the Chargee all of its rights to vote or consent in the affairs of the Condominium Corporation having jurisdiction over the subject lands and the Chargee, may at its option, exercise the right of an owner of a condominium unit to vote or consent in the affairs of the Condominium Corporation in the place and stead of such owner, without in any way consulting the owner as to the manner in which the vote shall be exercised or not exercised, and without incurring any liability to the owner or anyone else because of the manner in which such vote or right to consent in the affairs of the Condominium Corporation was exercised.

THE Chargor shall pay promptly, when due, any common expenses, assessments, instalments or payments due to the Condominium Corporation.

THE Chargor shall observe and perform the covenants and provisions required to be observed and performed under or pursuant to the provisions of the Condominium Act of Ontario, all amendments thereto, and any legislation passed in substitution thereof, and the declaration and by-laws of the Condominium Corporation and any amendments thereto.

WHERE the Chargor defaults in the Chargor's obligation to contribute to the common expenses assessed or levied by the Condominium Corporation, or any authorized agent on its behalf, or any assessment, instalment of payment due to the Condominium Corporation, upon breach of any of the foregoing covenants or provisions in this paragraph contained, regardless of any other action or proceeding taken, or to be taken by the Condominium Corporation, the

Chargee, at its option and without notice to the Chargor, may deem such default to be a default under the terms of this Charge and proceed to exercise its rights therein and the Chargee shall be entitled at its option to pay all common expense amounts as they come due and these amounts so paid together with legal fees shall form part of the Indebtedness.

38. ASSIGNMENT OF RENTS

PROVIDED FURTHER that the Chargor hereby assigns and transfers unto the Chargee, its successors and assigns as security for the principal and interest secured by said Charge, all rents and other monies (herein called the **"rents"**) which now are or which may at any time hereafter become due or owing under or by virtue of any lease or license whether written or verbal, or any letting of, or of any agreement for the use and occupancy of the whole or any portion of the land or premises which may have been heretofore or may be hereinafter made or agreed to by the Chargor, it being the intention of the parties to establish an absolute assignment of all such rents under such leases, licenses and agreements and the Chargor hereby authorizes the Chargee to collect, sue for, recover, receive, and give receipts for the rents and to enforce payment thereof in the name of the Chargor and, where applicable, his heirs, executors, administrators, successors and assigns.

THE Chargor further covenants and agrees that: (a) it has not and will not do any act or omission having the effect of terminating, cancelling, or accepting surrender of any existing or future lease or license or of waiving, releasing, reducing or abating any rights or remedies of the Chargor or obligations of any other party thereunder or in connection therewith without the written consent of the Chargee; (b) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding, or by any reduction, abatement, defence, set off or counterclaim; (c) none of the leases or licences or the Chargor's rights thereunder, including the right to receive the rents, has been or will be amended, assigned, encumbered, discounted or anticipated; (d) none of the rents has been or will be paid in advance and none of the remainder of the rents has been or will be paid prior to the due date for payment thereof; (e) there has been no default under any of the leases or licences by any of the parties thereto and there is no outstanding dispute under any of the leases or licences between the Chargor and any other party thereto; (f) the Chargor will observe and perform all of its obligations under each of the leases or licences and the Chargee shall not be liable or accountable for any failure to collect, recover, distrain for, or receive the rents or any part of them or for the performance of any of the obligations or conditions under or in respect of the leases or licences or any of them to be observed and performed by the Chargor and the Chargee shall not by virtue of this assignment be deemed a chargee in possession of the premises and the Chargee shall not be under any obligation to take any action or exercise any remedies in the collection or recovery of the rents or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the leases or licences or any of them, and the Chargee shall be liable to account only for such monies as shall actually come into its hands, less proper collection charges, and such monies may be applied on account of any indebtedness of the Chargor to the Chargee; (g) all rents collected or received by the Chargor in respect of the premises shall be received as trustee for the Chargee and shall be paid over to the Chargee; (h) any waiver by any party hereto of any breach of any of the covenants or provisions contained herein, whether expressed or implied or negative or positive in form or any failure to enforce any of its rights contained herein shall extend only to the particular breach so waived or particular failure and shall not limit or affect the rights of any party hereto with respect to any other or future breach.

THE CHARGOR further covenants and agrees to execute and deliver at the request of the Chargee, all such further assurances and assignments with respect to such existing or future rents, leases and licences as the Chargee shall from time to time require and shall do all other acts with respect to such rent, leases and licences as requested by the Chargee within five (5) days from receipt of request and at no expense to the Chargee.

AND the Chargor covenants and agrees that all leases, licences, offers to lease and agreements to lease shall be bona fide and shall be at rates, on terms and conditions and to tenants which are not less favourable or desirable to the Chargor than those which a prudent landlord would expect to receive for the premises to be leased or licensed and provided further that the Chargor shall obtain the consent of the Chargee prior to the execution of any lease, licence or offer or agreement to lease provided that the Chargor shall not accept any prepaid rents from any tenant with the exception of first and last month's rent.

39. APPOINTMENT OF A RECEIVER

IT IS DECLARED and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the said lands appoint in writing a Receiver, or a Receiver and Manager, or a Receiver-Manager, or a Trustee (the **"Receiver"**) of the said lands, or any part thereof, and of the rents and profits thereof, if any, and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the Mortgages Act, the Construction Lien Act, 1983 or pursuant to the Trustees Act (as the Chargee may at its sole option require). Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the said lands or any part thereof and the Chargor hereby consents to a Court Order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee in its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the said lands and/or complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing encumbrances affecting the said lands, including without limitation, charges and construction lien claims.

UPON the appointment of any such Receiver from time to time the following provisions shall apply:

(a) A Statutory Declaration of the Chargee or an Officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) Every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due in respect to the said lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;

(c) The Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the said lands, and may be paid out of the income therefrom or the proceeds of sale thereof;

(d) The appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a chargee in possession in respect of the said lands or any part thereof;

(e) The Receiver shall have the power to rent any portion of the said lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the said lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the said lands;

(f) In all instances, the Receiver shall be acting as the attorney or agent of the Chargor;

(g) Every such Receiver shall have full power to complete any unfinished construction upon the said lands;

(h) Such Receiver shall have full power to manage, operate, amend, repair, or alter the said lands or any part thereof in the name of the Chargor;

(i) The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the lands including, without limiting the generality of the

foregoing, increasing, extending, renewing or amending all charges which may be registered against the lands from time to time, whether or not such charges are prior to the interest of the Chargee in the said lands; sale of the said lands; borrowing money on the security of the said lands; applying for and executing all documents in any way related to any re-zoning applications, severance of lands pursuant to the provisions of the Planning Act, as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the lands, including grants of lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act of Ontario or pursuant to the Certification of Titles Act of Ontario; and for all and every of the purposes aforesaid the Chargor does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the said lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the said lands, as fully and effectually to all intents and purposes as the Chargor could do if personally present and acting therein;

(j) The Receiver shall not be liable for any loss howsoever arising and the Receiver shall not be liable to the Chargor to account for monies received other than cash received by it in respect to the said lands or any part thereof and out of such cash so received, every such Receiver shall pay in the following order:

i) its remuneration;

ii) all payments made or incurred by it in the exercise of its powers hereunder;

iii) any payment of interest, principal and other money which may from time to time be or become charged upon the said lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect to the said lands or any part thereof.

THE CHARGOR hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with resect to the said lands in the same manner as if such documentation was duly executed by the Chargor himself.

40. APPOINTMENT OF PROPERTY MANAGER

As an alternative to the appointment of a receiver provided in the immediately preceding paragraph, the parties agree that the Chargee shall be entitled at any time and from time to time to appoint in writing a property manager (the "Property Manager") and representative of the Chargee for the purposes of management, leasing and operation for the Chargee's account of the subject lands.

Upon the appointment of the Property Manager, the following provisions shall apply:

(a) A Statutory Declaration of the Chargee or an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) The Chargee may from time to time fix the remuneration of the Property Manager which shall be a charge on the said lands and may be paid, together with interest thereon, out of the income from the said lands or the proceeds of sale thereof;

(c) The Property Manager shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's

interest in the lands; and

(d) The Chargor acknowledges and agrees that the appointment of the Property Manager shall constitute the Chargee a mortgagee in possession.

In the event that the Chargee chooses not to appoint a Property Manager as aforesaid and attend to the management, leasing and operation of the subject lands for its own account, the Chargee shall be entitled to a management fee equal to no less than 4% of the gross receipts for the subject lands and shall also be entitled to a commission for all leases entered into at a rate to be established by the Chargee in its discretion and the management fee and commission shall be added to the principal amounts secured hereunder and bear interest at the rate provided for herein.

41. COSTS AND EXPENSES

The Chargor covenants and agrees that it will immediately pay to the Chargee all amounts the Chargee is permitted to pay under the Charge and all costs, expenses and damages of, relating to or resulting from inspecting, protecting, repairing, completing, insuring, taking and keeping possession of and managing all or any part of the Property, preparing it for sale or lease, selling or leasing it, renewing any leasehold interest, collecting any part of the Indebtedness, the exercise of any of the rights of a Receiver appointed pursuant to the Charge, such Receiver's fees and expenses, agents' costs and expenses, legal fees and expenses on a solicitor and his own client basis, the use, occupation or operation of the Property, the breach of any of the Chargor's representations, warranties or agreements herein, and any other costs and expenses of exercising or protecting the Chargee's rights (hereunder or otherwise) or all or any part of the Property. Without limiting the Chargee's right to interest provided for herein, it is expressly agreed that the Chargor shall pay interest at the interest rate provided for herein on such amounts, costs and expenses (and on all other costs and expenses payable by the Chargor pursuant to the charge) from the date they are paid by the Chargee until they have been repaid by the Chargor, which interest shall be paid, calculated and compounded as provided for herein.

IN THIS CHARGE the word "cost" shall be extended to and include legal costs incurred by the Chargee as between a solicitor and his own client.

42. NOTICE

WHENEVER a party to this Charge desires to give any notice to another, it shall be sufficient for all purposes if such notice is personally delivered or sent by registered or certified mail, postage prepaid, addressed to the intended recipient at the address noted on page 1 of the Charge document to which these standard charge terms form a part or such other address communicated in writing by the addressee in a written notice to the sender.

43. CHARGEE'S FEES

WITHOUT LIMITING the generality of any of the foregoing provisions, it is understood and agreed that the Chargor shall pay to the Chargee the then current fee of the Chargee for the following matters:

a) providing and preparing mortgage statements;

b) amending its records to reflect the assumption of this Charge;

c) endeavouring to collect any money overdue under this Charge, including without limiting the generality of the foregoing, an allowance for time and service of any employee of the Chargee or other person appointed for such purpose;

d) executing any cessation or discharge of this Charge, notwithstanding that said cessation or discharge may have been prepared by the Chargor;

e) entering into an agreement to amend the interest rate or any other provision in the Charge;

f) entering into an agreement to extend the maturity date of this Charge;

g) handling any dishonoured cheque;

h) placing insurance on the charged Property;

i) preparing an amortization schedule showing the principal and interest components of payments due under this Charge;

j) the cost of completing a Phase I Environmental Audit and such other environmental audits as the Chargee may require in its discretion;

k) such other administrative matters as the Chargee may perform with regards to the Charge or with regards to any collateral security;

l) the fee charged by the Chargee's insurance consultant to review the Chargor's policy of insurance for the subject lands including business interruption insurance if required by the Chargee.

The charges contained in this clause shall be forthwith payable to the Chargee and shall become part of the debt secured hereby and shall bear interest at the rate of interest expressed in this Charge.

44. ENVIRONMENTAL AUDIT

The Chargor and Guarantors covenant and agree that, if requested by the Chargee, the Chargor and Guarantors shall forthwith on their own behalf and in their own names commission a Phase I and/or Phase II Environmental Audit for the subject lands and the Chargor and Guarantors shall be solely responsible for the costs of same and the Chargee shall be entitled to a copy of the Audits as and when they are prepared. In the event that the Chargor does not commission the Phase I and/or Phase II Environmental Audits within thirty (30) days of being requested to do so by the Chargee, the Chargee shall have the right to commission such Audits in the name of the Chargor and add the costs thereof to the Indebtedness.

45. CONTINUING SECURITY

The Charge shall, whether or not it secures a current or running account, be a general and continuing security to the Chargee for payment of the Indebtedness and performance of the Chargor's other obligations under the Charge notwithstanding any change or fluctuation in the amount, nature or form of the Indebtedness or in the accounts relating thereto or in the bills of exchange, promissory notes and/or other obligations now or later held by the Chargee representing all or part of the Indebtedness or in the names of the parties to such bills, notes and/or other obligations or that there is no Indebtedness outstanding at any particular time; and the Charge will not be deemed to have been redeemed or become void as a result of any such event or circumstance.

46. DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS

The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing the Chargor. The Chargee may release its interest under the Charge in all or any part of the Property or any lease (or any other collateral) whether or not the Chargee receives any value and shall be accountable to the Chargor only for monies which the Chargee actually receives. If the Chargee releases its interest in part of the Property or any lease, the remainder of the Property and each other lease shall continue to secure the Indebtedness and the Chargor's obligations under the Charge will continue unchanged. The Chargee may grant extensions of time or other indulgences, take and give up securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and other persons (including, without limitation, any person to whom all or any part of the Property is transferred) and with any securities as the Chargee may see fit without affecting any of the

Chargee's rights or remedies (herein or otherwise) or the Chargor's liability under the Charge (including without limitation the Chargor's liability to pay the Indebtedness). The Chargee may delay enforcing any of its rights under the Charge or any other document under the Charge or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. No sale or other dealing with all or any part of the Property or any lease, and no amendment of the Charge or any other security, agreement or other instrument or relating to the Indebtedness, will in any way affect the obligation of the Chargor or any other person to pay the Indebtedness.

47. REPRESENTATIONS, WARRANTIES AND AGREEMENTS RESPECTING THE PROPERTY

The Chargor represents, warrants and agrees with the Chargee that:

(i) the Chargor is the lawful registered and beneficial owner of the Property and has a good and marketable title in fee simple to the Property, free of any liens or claims, except any the Chargor has reported to the Chargee in writing;

(ii) the Chargor has the right to execute and deliver the Charge and charge the Property and the Chargor's interest in it to the Chargee in accordance with the terms hereof;

(iii) the Chargor has not done, omitted or permitted anything whereby the Property or the Chargor's interest in it or any part of it is or may be subject to any lien or claim except any the Chargor has reported to the Chargee in writing;

(iv) there are no limitations affecting title to the Chargor's interest in the Property, except any the Chargor has reported to the Chargee in writing;

(v) the Chargor shall sign any document and take any further action at the Chargor's expense as the Chargee may think necessary in order to carry out the intention of the Charge;

(vi) the Chargor shall ensure that the use, occupation or operation of the Property complies with and shall continue to comply with all environmental laws and regulations, and that no part of the Property is, has ever been or will in the future be insulated with either urea formaldehyde foam insulation or asbestos insulation; and

(vii) on default under the Charge, the Chargee shall have quiet possession of the Property free from all liens and claims.

48. REVENUE PRODUCING PROPERTY; STATEMENT OF INCOME AND EXPENSES

(a) The Chargor covenants and agrees to maintain proper records and books of account with respect to the revenues of and expenditures arising from or out of the Property and shall permit the Chargee or any person appointed by the Chargee for that purpose to examine such books at all reasonable times and to make copies of extracts therefrom and shall give the Chargee all information with regard to the incomings and outgoings of the Property which the Chargee may request. The Chargor shall, not more often than once each year upon receiving seven days notice from the Chargee, sign and transmit to the Chargee a just and true statement of such revenues and expenditures or other information which the Chargee may request with regard to the Property and, if requested, verify the same by statutory declaration;

(b) The Chargor covenants and agrees to provide to the Chargee, at the Chargor's sole expense, such periodic, audited financial statements as are requested by the Chargee from time to time, such financial statements to reveal the applicable gross rental income and expenditures from the Property and to be prepared by such accountants or auditors as are acceptable to the Chargee;

(c) In the event that the Chargor commits an event of default as defined in paragraph 15

herein, or at law, in addition to any remedy set out in paragraph 16 herein, the Chargor covenants and agrees to turn over to the Chargee or direct its property manager to forthwith deliver to the Chargee all documentation relating to the Property in its possession or control including but not limited to keys, leases, surveys, plans, books and records. In the event that the Chargor or its property manager, fails to turn over all documentation within 48 hours of written demand, the Chargor hereby irrevocably appoints the Chargee as its attorney in its place and stead to provide the requisite notice to its property manager and shall instruct its property manager to honour and abide such notice.

49. **REPAIRS, MAINTENANCE AND INSPECTION**

(a) The Chargor covenants and agrees to keep the Property in good condition and repair and shall not allow any part of the Property to become or remain vacant without the Chargee's consent.

(b) The Chargor covenants and agrees not commit or permit any act of waste on the Property, and shall not do or fail to do, or allow anyone to do or fail to do, anything that will, in the Chargee's opinion, lower the value of the Property.

(c) The Chargee may, whenever the Chargee deems it necessary or advisable to do so, enter upon and inspect the Property.

(d) The Chargor covenants and agrees to perform and observe the requirements of every present and future statute, law, by-law, ordinance, regulation and order affecting the operation, condition, maintenance, use or occupation of the Property (including without limitation any thereof relating to construction or repair).

(e) If any part of the Property is farm land, the Chargor covenants and agrees to in each year either put into crop or summerfallow in a proper manner every part thereof which has been or may in the future be brought under cultivation. The Chargor shall also keep such Property clean and free from all noxious weeds and generally see that it does not depreciate in any way as farm land.

(f) The Chargor covenants and agrees not to, without the written consent of the Chargee, allow the Property to be used for a purpose other than as disclosed to the Chargee prior to the execution of the Charge.

(g) If, in the sole opinion of the Chargee, the Chargor does not observe or perform any of the foregoing provisions of this paragraph 49, the Chargee may from time to time (but shall not be obligated to) enter on and inspect the Property at any time, and make such repairs and do such other acts or things it believes are necessary to protect or preserve the Property and to carry out the Chargor's obligations under this paragraph 50 including if the Property is farm land, the farming, improvement and general management thereof. The Chargor shall immediately pay the Chargee all amounts, costs and expenses paid or incurred by it in connection with any of the foregoing.

(h) If the Chargor fails at any time for a period of ten consecutive days to diligently carry on any improvement required by the Chargee on any part of the Property, or if the Chargor without the written consent of the Chargee departs from the plans and specifications approved by the Chargee with respect thereto or from all applicable governmental building standards or the generally accepted standards of construction in the locality of the Property, or if any of the events of default as defined herein has occurred and is continuing, the Chargee from time to time may enter on the Property and have exclusive possession of all materials, plant and equipment thereon, free of interference from or by the Chargor, and complete the improvement either according to such plans and specifications or according to such other plans, specifications or design as the Chargee in its absolute discretion shall determine. The Chargor shall immediately pay the Chargee all costs and expenses incurred by it in connection with any of the foregoing.

(i) Any entry which may be made by the Chargee pursuant to any provision of the Charge may be made by any of the Chargee's agents, employees and/or contractors.

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50. IMPROVEMENTS; DEMOLITION

(a) In these standard charge terms, the term "Improvement" has the meaning given to it in the Construction Lien Act (Ontario), as amended or replaced from time to time, and includes any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of, any part of the Property and the demolition or removal of any building or part of any building on the Property.

(b) The Chargor covenants and agrees that no Improvement to or on the Property will be commenced or made by the Chargor or any other person unless the Chargor first provides a copy of all proposed plans, blueprints, contracts and specifications to the Chargee and obtains the Chargee's written consent thereto. The Improvement shall form part of the Property but, nevertheless, it is expressly agreed that the Charge is not and shall not be a building mortgage as defined under the Construction Lien Act.

51. INVALIDITY

IF ANY of the covenants or conditions in this Charge inclusive of all schedules forming a part hereof shall be void for any reason it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

52. HEADINGS

THE headings with respect to the various paragraphs of this Charge are intended to be for identification of the various provisions of this Charge only, and the wording of such headings is not intended to have any legal effect.

53. BENEFICIAL OWNER

THE Chargor warrants that the Chargor is the registered and beneficial owner of the Property. The Chargor expressly waives any right of prepayment which he may have or may hereafter have pursuant to Section 10 of the Interest Act (Canada) and/or similar federal or provincial legislation.

54. CHARGING OF ADJACENT LANDS

ANY lands adjacent to the Property owned by the Chargor are hereby charged to the Chargee and the Chargor hereby authorizes the Chargee to register this Charge against all such adjacent lands.

55. CMHC INSURED LOANS

IN the event that an Undertaking To Insure has been issued by Canada Mortgage and Housing Corporation ("CMHC"), with respect to this Charge, the following provisions shall apply:

A. <u>Prepayments</u>

(i) Provided that the Chargor when not in default hereunder shall have the privilege of paying an amount of principal, not in excess of 10% of the original amount of this charge, on the first anniversary of the Interest Adjustment Date, and a similar amount of principal on the second anniversary of the Interest Adjustment Date, upon payment, by way of bonus of three months interest on the amount of any such additional payment, it being agreed that such privilege shall not be cumulative.

(ii) Provided that on the third anniversary of the Interest Adjustment Date and on any monthly instalment date thereafter, the Chargor, when not in default hereunder, shall have the privilege of paying the whole amount hereunder, or any part thereof, upon payment by way of bonus of three months interest on the principal amount of any such payment.

(iii) Provided that when any additional partial payments are made the amount thereof shall be equal to the sum of the principal portions of a number of consecutive monthly instalments which would otherwise become due hereunder

next following the date upon which such additional payment is made, and the payment dates of all remaining instalments and the balance owing hereunder shall be accelerated so that the Chargor shall pay the aforesaid monthly instalment in each and every month, commencing with the month immediately following the month in which the additional payment is made and continuing until all monies owing hereunder shall have been fully repaid.

B. Insurance

(i) The Chargor (including his heirs, executors, administrators, successors or assigns) shall, during the continuance of the charge, at its sole cost and expense, take out and keep in full force and effect, insurance in an amount of not less than one hundred percent (100%) of the full replacement cost thereof, with coverage against, at least the perils of fire, and standard extended coverage, on each and every building on the charged premises and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear and shall contain the standard mortgage clause approved by the Chargee. The Chargor agrees that certificates of insurance or, if required by the Chargee, certified copies of each such insurance policy, will be delivered to the Chargee as soon as practicable after the placing of the required insurance. All such policies shall contain an undertaking by the insurers to notify the Chargee in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If the Chargor fails to take out or to keep in force any such insurance, or should any such insurance not be approved by the Chargee, and should the Chargor not rectify the situation within five (5) days after written notice by the Chargee to the Chargor, the Chargee has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost and expense of the Chargor and all outlays by the Chargee, without prejudice to any other rights or remedies of the Chargee under this Charge. If the Chargee is obligated to pay any premiums or sums of money for insurance for the premises or any part thereof, the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the same rate applicable to principal as set out in the Charge from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, the Chargor shall furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance moneys and the production of the mortgage shall be sufficient authority for the said insurance company to pay any such loss to the Chargee. Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the charged premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the charged premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge debt or any part thereof whether due or not then due.

(ii) If the charged premises are part of a Condominium Corporation, the insurance provision set out in paragraph B(i) above will not apply. Rather, the following will apply to the charge:

The Chargor (including his heirs, executors, administrators, successors or assigns) or the Condominium Corporation or both shall, and during the continuance of the charge, at his sole cost and expense, take out and keep in full force and effect, insurance in an amount of not less than one hundred percent (100%) of the full replacement cost thereof, with coverage against, at least the perils of fire, and standard extended coverage on each and every building on the mortgaged premises and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear and shall contain the standard mortgage clause approved by the Chargee. The Chargor and Condominium Corporation will assign, transfer and deliver to the Chargee, certificates of insurance or, if required by the Chargee, certified copies of each such insurance policy, as soon as practicable after the

placing of the required insurance. All such policies shall contain an undertaking by the insurers to notify the Chargee in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If the Chargor fails to take out or to keep in force any such insurance, or should any such insurance not be approved by the Chargee, and should the Chargor not rectify the situation within five (5) days after written notice by the Chargee to the Chargor, the Chargee has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost and expense of the Chargor and all outlays by the Chargee, without prejudice to any other rights or remedies of the Chargee under this Charge. If the Chargee is obligated to pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the charge and shall bear interest at the same rate applicable to principal as set out in the Charge from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, the Chargor or the Condominium Corporation or both shall comply fully with the terms of the policy, or policies, of insurance and without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the Condominium Act and the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

C. Inspection

The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC"), may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the said lands to inspect the lands and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the charge rate, shall be payable by the Chargor forthwith and shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, CMHC or their respective agents to be in possession, management or control of the said lands and buildings.

D. Charge Pursuant to the NHA

This Charge is made pursuant to the National Housing Act.

E. Definition of Interest Adjustment Date

The definition of the Interest Adjustment Date (IAD) as mentioned in Section 36(1) of the National Housing Loan Regulations will apply to all NHA insured loans.

F. Assignment of Leases

As further security to this Charge, the Chargor covenants and agrees to grant to the Chargee upon thirty (30) days prior notice in writing a specific assignment of all leases of premises in the building on the lands comprising the security of this Charge.

56. **INTERPRETATION**

PROVIDED and it is hereby agreed that in construing this Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where there is more than one Chargor or Chargee or more

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than one Guarantor, or there is a female party or a corporation or there is one Guarantor or no guarantor, the provisions hereof shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

57. SHORT FORM OF MORTGAGES ACT

IF ANY of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the Short Form of Mortgages Act, R.S.O. 1980, c. 474 and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this Charge shall be interpreted as if the Short Form of Mortgages Act was still in force and effect.

58. BONUS ON DEFAULT OR PREPAYMENT

UPON DEFAULT of payment of any of the monies secured and payable hereunder, or in the event of prepayment of any part of the principal monies is made prior to the maturity date whether by reason of payment after acceleration upon the occurrence of any event of default, or otherwise (unless otherwise permitted herein) the Chargee shall be entitled to require payment, in addition to all monies hereby secured or payable hereunder, of a bonus equal to three (3) months interest in advance at the rate aforesaid upon the principal money hereby secured or at the Chargee's sole option, a bonus equal to the damages sustained by the Chargee and made up of the differential between the rate provided for herein and the then current interest rate charged the Chargee for the balance of the mortgage term. Nothing herein shall permit prepayment unless specifically set out in this Charge or specifically set out in writing by the Chargee.

DATED THE 22ND DAY OF JANUARY 1977

ICI MORTGAGE MANAGERS INC.

Per: _____
Name: Cora Broadhurst
Title: President

Per: _____
Name: Tim Conway
Title: Secretary

Director of Land Registration Standard Charge Terms Filing No:
File Date:

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Filing No. 993 Cctr

ACKNOWLEDGEMENT

This set of ICI Mortgage Managers Inc. Standard Charge Terms No: is included in a Charge dated the day of 19 , made by

as Chargor(s)

To

ICI MORTGAGE MANAGERS INC.

as Chargee

and each Chargor and Guarantor hereby acknowledges receiving a copy of this Set of Standard Charge Terms No: before signing the Charge.

_____
Chargor

_____
Chargor

_____
Guarantor

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 993 Date

COMMERCIAL MORTGAGE

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 994 Cote
Filing Date 3 MARCH 1989 Date de Dépôt
Page 1 of/de 18 (EIGHTEEN) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by: NN LIFE INSURANCE COMPANY OF CANADA

Filing Date:

Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the Land Registration Reform Act, (Ontario)

ARTICLE. 1 - INTERPRETATION

1.01 In this set of standard charge terms, unless there is something in the subject matter or text inconsistent with the following:

"Amount Secured" means the aggregate of the Principal Sum outstanding from time to time, interest thereon, and all other monies payable hereunder;

"Authority" and "Authorities" mean, respectively, any and all of the municipal, regional, provincial and federal governments including, without limitation, their agencies, authorities, branches or departments having or claiming jurisdiction over the Property or any part thereof or over the operations of the Chargor. Any reference to the term "Authority" or "Authorities" shall include the insurance companies writing the insurance policies covering the Property and the Insurance Bureau of Canada or any other body hereafter constituted exercising similar functions unless there is something in the context inconsistent therewith;

"Charge" means a Charge/Mortgage of Land which refers to the filing number of this set of standard charge terms, including all schedules attached thereto, and this set of standard charge terms, as any of the foregoing may be amended or replaced from time to time;

"Chargee" means NN LIFE INSURANCE COMPANY OF CANADA, its successors and assigns;

"Chargor" means each Person who signs the Charge as chargor and the heirs, executors, administrators, personal representatives, successors and assigns of such Person;

"Commitment Letter" has the meaning given to it in Section 10.18;

"Common Expenses" mean the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Condominium Act or in the Declaration and By-laws;

"Condominium Act" means the Condominium Act (Ontario), as amended or replaced from time to time;

"Condominium Corporation" means the condominium corporation created by the registration under the Condominium Act of a declaration if the Property forms part of the lands described in the description which is registered together with the declaration;

"Covenantor" means each Person who signs the Charge as covenantor or guarantor and the heirs, executors, administrators, personal representatives, successors and assigns of such Person;

"Counsel" means any barrister and solicitor or firm of barristers and solicitors retained by the Chargee;

"Declaration and Bylaws" means the declaration which, together with a description, is registered pursuant to the Condominium Act to create a condominium corporation, and the bylaws registered pursuant thereto;

"Event of Default" has the meaning given to it in Section 7.01;

"Improvements" means all structures, fixtures, facilities and improvements now or hereafter erected or located on the Land and all fixed machinery, plant, equipment apparatus and fittings and other fixtures incorporated, or now or hereafter erected or located on the Land including all machines, motors, pumps, elevators, boilers, furnaces and air-conditioning units (other than any fixed machinery, plant equipment, apparatus and fittings and other fixtures owned by someone other than the Chargor or removable by Tenants under the Leases) which shall for the purposes of this Charge be fixtures and form part of the Security;

"Interest Adjustment Date" means the date for the adjustment of interest provided for in this Charge or any other date which the Chargor and Chargee agree in writing to be the date for adjustment of interest;

"Interest Rate" means the interest rate set out in this Charge;

"Land" means the lands and premises identified in this Charge by the Property Identifier(s), if any, and described in this Charge and in any schedule to this Charge;

"Land Registry Office"means the Land Registry Office in which the record of title to the Land is maintained;

"Lease" and "Leases" mean, respectively, any and all present and future leases and agreements to lease of the whole or any part of the Property made by or on behalf of the Chargor, as landlord, and all and any present or future licences whereby the Chargor (or any authorized representative of the Chargor) or any predecessor in title to the Chargor gives any other Person the right to use or occupy the whole or any part of the Property, in each case for the time being in effect, and all revisions, alterations, modifications, amendments, extensions, renewals, replacements or substitutions thereof or therefor which may hereafter be effected or entered into, but does not include registered easements or rights in the nature of an easement;

"Person" means any of a corporation, a partnership, an organization, a business, a joint venture, an association, a syndicate, a trust, an unincorporated organization, an individual, a trustee, an executor or other personal representative, a government or political subdivision thereof or a government agency and "Persons" means more than one of the foregoing;

"Principal Sum" means the principal sum specified in the Charge;

"Property" means collectively the Land and Improvements;

"Replacement Cost" means the cost of repairing, replacing or reinstating any item of Property with materials of like kind and quality, including municipal by-laws extension and the cost of demolition and debris removal for both damaged and undamaged property and without deduction for foundations or other property below ground or for physical, accounting or other depreciation;

"Security" has the meaning given to it in Section 2.01;

"Taxes" means all taxes, rates and assessments, municipal, local, parliamentary or otherwise, which now are or may hereafter be imposed, charged or levied upon the Property including all penalties relating thereto;

"Tenant" and "Tenants" mean, respectively, any and all tenants, sub-lessees, concessionaires and licensees under the Leases; and

"this Charge", "these presents", "hereto", "herein", "hereof, "hereby" , "hereunder" and any similar expressions refer to the Charge and this set of standard charge terms and not to any particular Article, Section, Schedule or other. portion hereof, and includes any and every instrument supplemental or ancillary to or in implementation of the Charge and this set of standard charge terms.

1.02 Headings

The headings of all the Articles and Sections hereof are inserted for convenience of reference only and shall not affect the construction or interpretation of these standard charge terms or the Charge.

1.03 Reference to Article, Section, Schedule

Whenever in this Charge a particular Article, Section, Schedule or other portion thereof is referred to, then unless otherwise indicated, such reference pertains to that Article, Section, Schedule or portion thereof contained herein.

1.04 Canadian Currency

Unless otherwise provided in the Charge, all dollar amounts expressed in the Charge and these standard charge terms are expressed as being of lawful money of Canada.

ARTICLE 2 - SECURITY AND PAYMENT

2.01 Charge

For valuable consideration the receipt and sufficiency whereof is hereby by the Chargor acknowledged, and to secure the due payment of the Amount Secured, and the performance of the Chargor's other obligations under the Charge, the Chargor does hereby grant, mortgage and charge unto the Chargee all the right, title and interest of the Chargor, both present and future, in and to the Property and all other further or additional title, estate, interest or right which may at any time be acquired by the Chargor in or to the Property.

In this Charge, the grants, mortgages and charges constituted hereby are called the **"Security".**

To have and to hold the Property unto the Chargee forever, but subject to the terms and conditions herein set forth.

2.02 Defeasance

Provided always that if:

(a) the Chargor shall pay or cause to be paid unto the Chargee, without any deduction or abatement whatsoever, the full Amount Secured in the manner and on the days and times as set out in the Charge; and

(b) the Chargor shall observe, perform, keep and fulfill all of the provisions, covenants, agreements and stipulations herein contained;

then this Charge and everything herein shall be absolutely null and void.

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2.03 Release

The Chargor hereby releases to the Chargee all its claims upon the Property subject to the proviso for redemption herein.

2.04 Chargee may Perform

If the Chargor shall fail to perform any covenant on its part contained in this Charge, the Chargee may, in its discretion, but need not, perform such Covenant capable of being performed by it and, if such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds, but shall be under no obligation to do so. All such payments shall be added to the Principal Sum and shall be at once payable by the Chargor and shall bear interest at the Interest Rate calculated as provided in paragraph (b) of Section 2.05, and shall be secured hereby in priority to all claims subsequent to this Charge, but no such performance or payment shall be deemed to relieve the Chargor from any Event of Default under this Charge.

2.05 Interest

Interest on the Principal Sum outstanding from time to time or at any time to the Chargee shall be payable as follows:

(a) simple interest at the Interest Rate on such portion of the Principal Sum as is advanced from time to time prior to the Interest Adjustment Date, computed from the respective dates of such advances to and including the Interest Adjustment Date and to become due and payable on the respective dates of such advances; and

(b) interest at the Interest Rate calculated in accordance with the interest calculation period set out in the Charge, not in advance computed from the Interest Adjustment Date, as well after as before maturity of this Charge and as well after as before default and judgment with interest on overdue interest as hereinafter set out. If default shall be made in payment of any sum to become due for interest at any time appointed herein for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Interest Rate, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, a rest shall be made, and compound interest at the Interest Rate shall be payable on the aggregate amount then due as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Property.

2.06 Advance of Funds

The Chargor agrees that none of the Commitment Letter, the preparation, execution or registration of this Charge shall bind the Chargee to advance the monies secured by this Charge, nor shall the advance of a part of the Principal Sum bind the Chargee to advance any unadvanced portion thereof, but nevertheless the Security shall take effect forthwith upon the execution of this Charge by the Chargor, and the expenses of the examination of the title and of this Charge and valuation are to be secured by this Charge, and shall be payable forthwith without demand therefor with interest at the Interest Rate calculated as provided in paragraph (b) of Section 2.05. Nothing contained in this Charge shall obligate the Chargee to renew any note, make any loan or further loan, extend any time for payment of the Amount Secured or do any other act or thing.

2.07 No Prepayment

The Chargor shall not have the privilege of prepaying any or all of the Amount Secured at any time and the Chargor hereby waives any right of prepayment it may now or at any time hereafter have whether by statute or at law or in equity.

2.08 Post-dated Cheques

The Chargor shall from time to time as required provide a signed pre-authorized withdrawal form or forms directed to the bank or financial institution at which the Chargor regularly keeps a chequing account, in such form and manner so as to enable the Chargee to receive payments from time to time of the instalments of principal and interest and/or the Chargee's estimate of the monthly instalment for property taxes, from the Chargor's account with such bank or financial institution. In the alternative, the Chargor shall deliver to the Chargee upon the first advance of monies under this Charge or upon request and thereafter on each anniversary date thereof in each year of the duration of the term of this Charge, post-dated cheques for the payments of the Amount Secured which are required to be made during the twelve (12) month period commencing on the date of such first advance or on each such anniversary date, as the case may be. In addition to all other remedies provided herein and otherwise, the Chargee upon the Chargor's failure to deliver such post-dated cheques as required under this Section shall be entitled to a servicing fee for each written request that it makes to the Chargor for the purpose of obtaining such post-dated cheques. Any request by the Chargee for post-dated cheques shall be without prejudice to the Chargee's right under this Charge to declare that the Chargor shall have committed an Event of Default if such post-dated cheques are not delivered within the required time. An administrative charge of $250.00 shall be payable for any returned payments.

2.09 Dishonoured Cheques

If any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay to the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. If any cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request that the Chargee makes for the purpose of obtaining a replacement cheque.

2.10 Servicing Fees

All servicing fees as herein provided are intended to compensate the Chargee for the Chargee's administrative costs and shall not be deemed a penalty. The amount of such servicing fees if not paid shall be added to the Principal Sum and shall bear interest at the Interest Rate calculated as provided in paragraph (b) of Section 2.05 and the Chargee shall have the same rights with respect to collection of same as it does with respect to collection of Principal Sum and interest hereunder or by statute, at law or in equity.

2.11 Time and Place of Payment

Payments to the Chargee under this Charge shall only be made between the hours of 9:00 a.m. and 1:00 p.m. and shall be payable at par in Canadian funds at the head office of the Chargee in Toronto or at such other place in Canada as the Chargee or other holder of this Charge shall designate in writing from time to time. It is agreed that any payment received by the Chargee after 1:00 p.m. shall be deemed to have been received on the first day next following on which the Chargee is open for business and interest at the Interest Rate or an amount equivalent thereto, shall be charged and paid accordingly.

2.12 Appropriation of Payments by Chargee

The Chargee shall have the right at any time to appropriate any payment made as a temporary or permanent reduction of any portion of the Amount Secured whether the same be represented by open account, overdraft or by any bills, notes or other instruments and whether then due or to become due and may from time to time revoke or alter such appropriation and appropriate such payment as a temporary or permanent reduction of any other portion of the Amount Secured as in the Chargee's sole and uncontrolled discretion it may see fit.

ARTICLE 3 - COVENANTS BY CHARGOR

3.01 Covenants

The Chargor covenants and agrees with the Chargee that:

(a) Payment of Principal Sum and Interest

the Chargor shall pay or cause to be paid to the Chargee the Principal Sum and interest upon the same as provided in this Charge, without any deduction or abatement at the days and times and in the manner stipulated for payment herein, and shall observe, perform, fulfill and keep all of the provisions, covenants, agreements and stipulations contained in this Charge;

(b) Payment of Other Amounts

the Chargor shall pay all amounts which are payable hereunder or which are capable of being added to the Principal Sum and forming part of the Amount Secured pursuant to the provisions of this Charge at the days and times stipulated in this Charge including, without limiting the generality of the foregoing, all servicing or other fees, costs or charges provided for herein, all insurance premiums, the amount paid for the supply of all fuel or utilities to the Property, all costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Property, all costs incurred by the Chargee, including legal costs on a solicitor and his own client basis, with respect to this Charge or the enforcement thereof or incurred by the Chargee arising out of, or in any way related to, this Charge, any amounts paid by the Chargee on account of any encumbrance, lien or charge against the Property and any and all costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on the Security by sale, lease or otherwise;

(c) Title to Property

the Chargor, at the time of the execution and delivery of this Charge, is lawfully seized of a good and marketable title in fee simple to the Property of, on and in every part and parcel thereof free from all encumbrances except as the records of the Land Registry Office disclose, and without any reservations, limitations, provisos or conditions and has good right full power and absolute authority to charge the Property and to give this Charge to the Chargee on the provisions, covenants, agreements and stipulations contained in this Charge;

(d) No Encumbrances

the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Property, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose;

(e) Possession of Property after Event of Default

from and after the occurrence of an Event of Default and subject to the provisions of Article 7, and in every such case, the Chargee shall be lawfully entitled peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Property without hindrance, interruption or denial by the Chargor or any other Person or Persons;

(f) Repair of Property

the Chargor shall repair or cause to be repaired and shall keep or cause to be kept in good order and repair the Property from time to time to the standard as would be done by a prudent owner of similar property in the circumstances, and shall at all reasonable times, subject to the provisions of the Leases and the rights of the Tenants pursuant thereto, allow the Chargee and its duly authorized representatives access to the Property in order to view the state and condition of the Property or for any other matters pertaining to the Property;

(g) Further Assurances

the Chargor shall forthwith and from time to time at its sole expense execute and do all such further assurances, contracts and things (including instruments supplemental or ancillary to this Charge) as in the opinion of Counsel, acting reasonably, are necessary (i) for validly giving to the Chargee the grants, mortgages and charges hereby intended to be created (ii) for better assuring to the Chargee the rights, powers and privileges conferred or intended to be conferred upon the Chargee by this Charge and (iii) to enable the Chargee to enforce its rights and remedies under this Charge, and all such assurances shall be in such form as shall be required by the Chargee or Counsel for such purpose;

(h) Not to Further Encumber

the Chargor shall not, without the prior written consent of the Chargee, create, assume or purport or attempt to create or assume any grant, mortgage, charge or other security on the Property or on any other assets now or at any time hereafter mortgaged, charged or assigned specifically to or in favour of the Chargee or any part thereof;

(i) Not to Remove or Destroy Program

the Chargor shall not remove or destroy or permit to be removed or destroyed any of the plant, machinery, equipment or other Improvements which are the property of the Chargor without the prior written approval of the Chargee, such approval not to be unreasonably withheld or delayed, provided that (i) nothing herein shall prevent the removal of any such property from one part of the Property to another or the temporary removal of any such property for purposes of repair and (ii) the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out or unserviceable;

(j) Not to Permit Waste

the Chargor shall not commit waste or permit waste to be committed or suffered on the Property and the Chargor shall not make or permit to be made any alterations or add to the Property without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to compliance with such terms and conditions at the cost of Chargor as the Chargee may impose;

(k) Observe Laws

the Chargor shall observe and conform to all valid requirements of all Authorities with respect to the Property including, without limitation, all applicable building, zoning and other municipal by-laws (save and except any such non-compliance which is, in good faith, contested by the Chargor with an Authority or other body having jurisdiction until the final disposition thereof against the Chargor) provided, however, that a legal non-conforming use shall be deemed to be in compliance with all applicable building, zoning and other municipal by-laws;

(l) Not to Dispose of Property

the Chargor shall not, without the prior written consent of the Chargee, sell, or otherwise dispose of by conveyance, transfer of head lease, agreement of head lease or otherwise, or authorize or permit any of the Property to be sold or otherwise disposed of;

(m) Furnish Information

the Chargor shall furnish to the Chargee such information with respect to the Property and the insurance thereon as the Chargee may from time to time reasonably require, and shall give written notice to the Chargee of all litigation involving a potential liability in excess of Ten Thousand ($10,000.00) Dollars before any court, administrative board or other tribunal affecting the Chargor or the Property;

(n) Compliance with Agreements

the Chargor shall strictly comply with every covenant, agreement and undertaking heretofore or hereafter given by it to the Chargee with respect to the Property;

(o) Accounts

the Chargor shall (i) keep proper books of accounts with respect to the ownership and operation of the Property in accordance with sound accounting practice (ii) furnish to the Chargee such financial information and statements as the Chargee may from time to time reasonably require, and (iii) permit the Chargee or its authorized agent at any reasonable time at the expense of the Chargor to examine the books of account and other financial records and reports with respect to the ownership and operation of the Property and to make copies thereof and take extracts therefrom;

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(p) Financial Statements

i) the Chargor shall provide the Chargee with such financial statements of the Chargor as may be requested by the Chargee from time to time, which statements shall be prepared by chartered accountants or auditors satisfactory to the Chargee and shall identify with reasonable particularity the assets, liabilities, revenues and expenses attributable to the Property, within the time period after the end of each fiscal year of the Chargor as may be agreed upon by the Chargor and Chargee or as otherwise may be stipulated by the Chargee, and "financial statements", for the purpose of this covenant, shall include profit and loss statements as well as balance sheets;

ii) without limiting the generality of subparagraph i) above, the Chargor shall deliver to the Chargee within ninety (90) days after the last day of each fiscal year of the Chargor during the term of the Loan, annual financial reports, prepared by a certified accountant acceptable to the Chargee including balance sheets, income statements and cash flow statements covering the operation of the Property and the Chargor for the previous fiscal year, all certified to the Chargee to be complete, correct and accurate in all material respects by the chief financial officer of the Chargor. Notwithstanding the aforesaid, during the term of the Loan, in the event of material deterioration in property cash flow, Chargee shall have the right to request quarterly income and expense statements, which shall include current cash flow and up-to-date payables and receivables for the Project.

(q) Change of Use

the Chargor shall not change, or permit to be changed, the use of the Property without the prior written consent of the Chargee; and

(r) Management of the Property

there shall be professional management of the Property satisfactory to the Chargee at all times, and there shall be no changes in the management of the Property without the prior written consent of the Chargee, which consent shall not be unreasonably withheld.

ARTICLE 4 - WARRANTIES AND REPRESENTATIONS BY CHARGOR

4.01 Warranties and Representations

The Chargor warrants and represents to the Chargee that:

(a) Urea Formaldehyde Foam Insulation and Fibrous Asbestos Insulation

none of the buildings on the Property now contain nor have they ever contained any urea formaldehyde foam insulation or fibrous asbestos insulation; and

(b) Environmental Matters

the Property and its existing and all prior uses comply and have at all times complied with all laws, regulations, orders and approvals of all Authorities having jurisdiction with respect to environmental matters applicable to the ownership, use, maintenance and operation of the Property (collectively, **"Environmental Laws"**) and, without limiting the generality of the foregoing:

i) the Property has never been used as a landfill site or to store hazardous substances either above or below ground, in storage tanks or otherwise;

ii) all hazardous substances used in connection with the business conducted at the Property have at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;

iii) no hazardous substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Property as a result of the conduct of business on the Property; and

iv) no notice of any violation of any matters referred to above relating to the Property or its use has been received by the Chargor and there are no directions, directives, writs, injunctions, orders or judgments outstanding, and no lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the Property nor is there any basis for such lawsuits claims, proceedings or investigations being instituted or filed.

For the purposes of this Charge, a hazardous substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances, as defined in or pursuant to the Environmental Protection Act (Ontario) or any other applicable Environmental Laws.

4.02 Indemnity

The Chargor covenants and agrees that it shall indemnify and hold the Chargee harmless from and against all losses, costs, damages and expenses (including, without limitation, legal fees and costs incurred in the investigation, defence, and settlement of any claim) relating to the presence of any hazardous substance at, on or near the Property.

ARTICLE 5 - TAXES AND UTILITIES

5.01 Payment of Taxes

The Chargor covenants with the Chargee that the Chargor shall (i) pay or cause to be paid, promptly as they fall due, all Taxes and (ii) annually within thirty (30) days after the end of each calendar year, provide the Chargee with evidence satisfactory to the Chargee of payment thereof, provided that:

(a) whenever and so long as the Chargee so requires, the Chargor shall on each of the monthly instalment payment dates set forth in this Charge pay to the Chargee, in addition to all other monies hereby required to be paid by the Chargor, such sum as the Chargee may from time to time estimate to be required in order to provide funds sufficient to pay in full the unpaid Taxes and Taxes next becoming due and payable with regard to the then current calendar year and shall transmit to the Chargee all tax bills and other notices relative to the imposition of Taxes on the Property forthwith after receipt thereof by the Chargor;

(b) all payments so made by the Chargor to the Chargee pursuant to this covenant shall at the option of the Chargee be either credited to an account relating to this Charge (the **"tax account"**) on the Chargee's books of account or applied against the Principal Sum or other Amount Secured under this Charge;

(c) so long as the Chargee requires such additional payments to be made and so long as no Event of Default has occurred which is continuing, the Chargee shall pay the Taxes as they fall due or at such earlier time as the Chargee deems fit and the amount thereby expended shall be debited against the tax account to the extent that the amount in the tax account is sufficient and the Chargee, at its option, may either debit to the tax account or add to the Principal Sum, the amount, if any, by which the tax account is insufficient;

(d) any debit balance from time to time in the tax account shall bear interest at the Interest Rate calculated as provided in paragraph (b) of Section 2.05 and shall together with such interest be secured hereby and form part of the Amount Secured; and

(e) the amount, if any, by which the aggregate of the Taxes which have been paid by the Chargee exceeds at any time and from time to time the aggregate of all payments which have been made by the Chargor to the Chargee pursuant to this covenant shall be payable by the Chargor forthwith on demand therefor at any time and from time to time.

5.02 Payment of Utilities

The Chargor covenants with the Chargee that the Chargor shall pay all utility and fuel charges related to the Property as and when they are due and that the Chargor shall not allow or cause the supply of any utility or fuel to the Property to be interrupted or discontinued and that if the supply of any fuel or utility is interrupted or discontinued, the Chargor shall take all steps that are necessary to ensure that the supply of such utility or fuel is restored forthwith.

ARTICLE 6 - INSURANCE

6.01 Insurance to be Maintained

The Chargor shall effect and maintain with respect to all insurable property from time to time forming part of the Property:

(a) insurance in a stated amount not less than the full Replacement Cost from time to time thereof against loss or damage by fire, explosion, impact by aircraft or vehicles, earthquake, flood, lightning, riot, vandalism or malicious acts, smoke, leakage from fire protective equipment, windstorm or hail and other perils now or hereafter from time to time embraced by or defined in a standard fire insurance policy with perils of "All Risk" coverage;

(b) comprehensive broad form boiler and machinery insurance covering all electrical, mechanical and compression equipment for not less than the full Replacement Cost for each accident and otherwise on the basis set out in paragraph (a) of this Section 6.01;

(c) business interruption insurance (on an Insurable Gross Profits basis) for losses resulting from at least those risks covered by the insurance provided for in paragraphs (a) and (b) of this Section 6.01 to the extent of the total projected annual gross rental income from the Property at the time of the occurrence and with a period of indemnity of at least twelve (12) months or such greater period as the Chargee may require from time to time; and

(d) comprehensive general liability insurance against claims for personal injury, death or property damage suffered by others upon, in or about the Property and the adjoining streets and passageways by reason of the use or ownership by the Chargor of the Property with such exclusions and to such inclusive limits of not less than Two Million ($2,000,000.00) Dollars with respect to each occurrence (with or without a retained limit) as will reasonably protect the Chargor against such loss or damage or to such greater limits as the Chargee may reasonably require from time to time.

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6.02 Additional Insurance Coverage

In addition to the insurance which the Chargor is required to maintain pursuant to Section 6.01, the Chargee shall be entitled to require coverage from time to time with respect to the Property for such other risks and perils and in such form or forms of insurance as the Chargee acting reasonably may deem it reasonable and prudent for the Chargor to maintain at such time.

6.03 Policy Provisions

The Chargor shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining all insurance required to be maintained and effected under Sections 6.01 and 6.02 and shall cause the proceeds of the insurance provided for in paragraphs (a) and (b) of Section 6.01, and the direct damage indemnity portion of insurance provided for in paragraph (c) of Section 6.01, to be made payable to the Chargee as its interest may appear. No policy of insurance shall contain a co-insurance clause or a reference to a "same or adjacent site" with respect to the calculation of Replacement Cost. Each policy of insurance shall be effected on such terms and with such insurer as may be approved by the Chargee and, in the case of insurance required to be maintained pursuant to paragraph (a) of Section 6.01, shall have attached thereto an Insurers Advisory Organization mortgage clause insurance endorsement acceptable to the Chargee or, in the case of insurance required to be maintained pursuant to paragraph (b) of Section 6.01, a Canadian Boiler and Machinery Underwriters Association mortgage clause acceptable to the Chargee, which clause in either case shall provide that such policies may not be cancelled except after thirty (30) days' notice to the Chargee or such lesser notice as may be acceptable to the Chargee. In addition, there shall be attached to each policy of insurance maintained pursuant to the provisions hereof a specific endorsement providing that the insurer shall provide to the Chargee thirty (30) days' prior written notice of cancellation, material change or non-renewal.

6.04 Chargee may Insure

The Chargor shall deliver to the Chargee (whether or not a request has been made) (i) evidence of payment of all premiums and other sums of money payable for maintaining the insurance referred to in Sections 6.01 and 6.02, at least fifteen (15) days prior to the due date of such premiums and other money and (ii) certified copies of all policies of insurance evidencing the initiation or extension of coverage in compliance with the provisions of this Article for a minimum period of one (1) year, prior to any advance and at least thirty (30) days before the expiration of any term of such policies of insurance. If the Chargor shall fail to maintain or cause to be maintained any insurance required by Sections 6.01 and 6.02 or shall fail to deliver the evidence of payment or certified copies of insurance policies as required pursuant to this Section, the Chargee may effect such insurance. The Chargee may at any time require insurance on the Improvements to be cancelled and new insurance to be effected with an insurer to be named by the Chargee. The Chargor shall maintain the original copies of all policies of insurance required pursuant to this Article at the Chargor's address for service identified in this Charge and the Chargee or its authorized representative shall be entitled during normal business hours to have access thereto for the purpose of reviewing such policies and malting extracts therefrom or copies thereof. If the evidence of continuation of the insurance required by Sections 6.01 and 6.02 has not been delivered to the Chargee within the time required by this Section, the Chargee shall be entitled to a servicing fee for each written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's nonperformance of the within covenant). If the Chargee pursuant to its right under the Charge arranges insurance coverage with respect to the Property, the Chargee in addition to the aforementioned servicing fee shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

6.05 Damage to Property

If there is any loss or damage to the Property, the Chargor shall forthwith notify the Chargee thereof in writing. Notwithstanding any other provision to the contrary, statutory or otherwise, if any monies become payable pursuant to an insurance policy with respect to any Improvements, the Chargee, at its option, may require such monies to be applied by the Chargor in making good the loss or damage in respect of which such monies are received, or in the alternative, may require that any or all of the monies so received be applied in or towards satisfaction of any or all of the Amount Secured hereunder whether or not the same has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee in any event.

6.06 Transfer of Insurance

The Chargor, upon demand, shall transfer all policies of insurance effected upon the Improvements (with the mortgage clause in a form approved by the Chargee attached), and the indemnity which may become due therefrom, to the Chargee and the Chargee shall have a lien for its mortgage debt on all insurance on the Improvements and may elect to have these insurance monies applied in reinstatement or towards payment of the Amount Secured whether due or not but shall not be bound to accept the said monies in payment of any of the Amount Secured not yet due.

ARTICLE 7 - EVENTS OF DEFAULT

7.01 Event of Default

In this Charge, **"Event of Default"** means each and every one of the following events:

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(a) Principal or Interest

if the Chargor defaults in payment of the Principal Sum or interest or any other portion of the Amount Secured, when the same becomes due under the provisions of this Charge; or

(b) Taxes or Liens

ff the Chargor (i) defaults in payment of Taxes (except when the validity thereof is, in good faith, contested by the Chargor and it has given security for payment thereof in full) and any such default continues either for a period of thirty (30) days or for such shorter period as would at any time, if continued, render the Property, or any portion thereof, liable to forfeiture or (ii) fails to observe and perform any of the covenants or requirements in or affecting any lease, licence, concession or agreement whereby any property or right of the Chargor forming part of the Property may become liable to forfeiture, suspension or revocation and any such default continues for a period of ten (10) days or (iii) permits any sum which has been admitted as due by the Chargor or is not disputed to be so due by it and which is capable of being made a lien or charge on the Property in priority to this Charge to remain unpaid for a period of ten (10) days; or

(c) Representation or Warranty

if any representation or warranty contained in this Charge, the Commitment Letter or in any certificate furnished pursuant to this Charge shall be false in a material manner or intentionally misleading as at the time made; or

(d) Winding-Up or Amalgamation

if any order is made or an effective resolution is passed for the winding-up of the Chargor or if there is any reorganization of the Chargor or any consolidation merger or amalgamation of the Chargor with any other corporation or corporations, without the Chargor obtaining the prior written consent of the Chargee; or

(e) Bankruptcy

if a custodian or receiver (or receiver and manager) of the Chargor is appointed under the Bankruptcy and Insolvency Act Canada) or by any lender pursuant to a security agreement with the Chargor, or if a compromise or arrangement is proposed by the Chargor or its creditors or any class of its creditors or otherwise, or if the Chargor (i) makes an assignment for the benefit of its creditors, or (ii) is declared bankrupt or (iii) makes an authorized assignment, or (iv) threatens to cease to carry on its business, or (iv) commits any act of bankruptcy; or

(f) Distress or Execution

if a distress or execution or any other process of the court becomes enforceable against the Chargor or the Property or any part thereof and shall remain unsatisfied for a period of ten (10) days (unless such distress or execution is in good faith disputed by the Chargor in which event the Chargor shall provide to the Chargee security which, in the opinion of the Chargee, is sufficient to pay the full amount claimed in the event that it shall be held to be a valid claim) or if an encumbrancer takes possession of the Property or any part thereof; or

(g) Other Security

if any breach of any warranty, representation, covenant or agreement occurs pursuant to any other security received by the Chargee and such breach continues unremedied after ten (10) days written notice is given by the Chargee to the Chargor of such breach; or

(h) Sale of Property

if, without the Chargee's prior written consent, (i) the Property or any part thereof or any interest in the Property or the Chargor is sold or conveyed; (ii) title to the Property or any interest therein is divested; (iii) any lease which gives the lessee any option to purchase the Property or any part thereof is entered into, or, (iv) the ownership of shares of the Chargor or any beneficial interest in the Chargor which is a trust or trustee is sold or conveyed, the Chargee shall at its sole discretion be entitled to accelerate the Loan secured by this Charge and declare the then unpaid principal balance and all accrued interests and other sums due and payable under the Charge due and payable and exercise all remedies available to the Chargee under its security. The Chargor understands that the present ownership of the Property is a material inducement to Chargee in the making of the Loan contemplated in the Commitment Letter. Any consent by Chargee to a change in ownership or to a change in the composition of the Chargor may be conditioned upon payment of a transfer fee in the amount of $3,000.00 for processing such request for consent; or

(i) Change of Control

if there is any transfer or issue by sale, assignment, bequest, operation of law or other disposition, or by subscription, of all or any part of the shares of the Chargor or of any parent corporation of the Chargor which results in the effective voting control of the Chargor being vested in any Person other than the Person holding such effective voting control at the date of this Charge; or

(j) Covenant or Condition

if the Chargor defaults in observing or performing any covenant or condition herein (other than as specifically provided in any other paragraph of this Section 7.01) and, after notice in writing has been given by the Chargee to

the Chargor specifying in reasonable detail such default and requiring the Chargor to remedy the same, the Chargor fails to make good such default within a period of ten (10) days; or

(k) Construction Liens

if any construction lien is registered against the Property or if any building or buildings being erected thereon are allowed to remain unfinished or without any work being done on them for a period of ten (10) days.

ARTICLE 8 - REMEDIES IN CASE OF DEFAULT

8.01 Amount Secured Payable

The Chargor hereby covenants and agrees with the Chargee that upon the occurrence of an Event of Default, the Chargee, in its discretion and in addition to any remedy set forth or invoked pursuant to this Article, may declare the Principal Sum and all other Amount Secured, or any stipulated portion thereof, to be due and payable and the same shall forthwith become immediately due and payable to the Chargee on demand and the Chargor shall pay forthwith to the Chargee on demand the Principal Sum and all other Amount Secured, or the stipulated portion thereof, including interest and interest upon overdue interest as herein provided until the date payment is received by the Chargee (the **"Payment Date"**).

8.02 Compensation for Prepayment on Default

This is a closed mortgage and may not be prepaid in whole or in part prior to the maturity date. If for any reason payment is made prior to maturity, including payment by reason of acceleration following an event of Default, the Chargor will indemnify the Chargee from all losses and costs resulting from such prepayment and shall pay an amount which together with the sum prepaid shall be sufficient to enable the Chargee to obtain the same effective yield to maturity as if this Charge were not prepaid. This amount shall be equal to the greater of (i) three months' interest at the Interest Rate calculated as provided in paragraph (b) of Section 2.05 on the Amount Secured outstanding as at the Payment Date And (ii) the present value as at the Payment Date of the following:

(a) all monthly payments of the Principal Sum and interest which, if the Chargee had not declared the Amount Secured due and payable, would have been made from the Payment Date until the maturity date of this Charge, plus (b) the outstanding balance of the Amount Secured upon maturity if such payments had been made, utilizing for such discounting purposes an interest rate equivalent to the effective yield, as reasonably determined by the Chargee, on Government of Canada bonds having a remaining term approximately equal to the remaining term of this Charge, less (c) the Amount Secured outstanding as at the Payment Date.

8.03 Waiver

The Chargee, in writing at any time or times, may waive an Event of Default after the occurrence thereof upon such terms and conditions as it shall prescribe, provided, however, that any such waiver shall apply only to the particular Event of Default waived and no act or omission by the Chargee with respect to the Property or the Chargor shall operate as a waiver of any other or future Event of Default.

8.04 Chargee's Rights upon Event of Default

Upon the occurrence of an Event of Default the Chargee, in its discretion, may:

(a) Take Possession

take possession of all or any part or parts of the Property with power to exclude the Chargor and its agents and servants therefrom; preserve and maintain the Property; receive the rents, incomes and profits thereof of any kind whatsoever and pay therefrom all expenses of maintaining, preserving, protecting and operating the Property and all charges against the Property ranking in priority to this Charge or payment of which may be necessary to preserve or protect the Property, and pay out the remainder of the money so received, and not required for any of the purposes provided for in this Section, in accordance with the provisions of Section 8.11; lease any vacant space in the Property and renew from time to time any or all of the Leases; and enjoy and exercise all powers necessary to the performance of all functions provided for in this Section, including without limitation, the power to purchase on credit, borrow money in the Chargor's name, advance its own money at such rates of interest as shall be reasonable and to enter into contracts and undertake obligations for the foregoing purposes upon the security thereof; provided that, upon all Events of Default being made good or waived as herein provided, the Chargee shall restore the Property to the Chargor, subject to the charge created by this Charge, as if no Event of Default has occurred; and/or

(b) Complete Property

take all such steps as the Chargee may consider necessary or desirable for the purposes of completing the Property and/or any improvements or additions thereto or replacements thereof as the Chargee may determine and for such purposes to enter into all such contracts and undertake all such obligations as the Chargee may determine, and to give security therefor upon the Property; provided that the Chargee shall not be under any obligation to complete any additions or improvements to or replacements of the Property; and/or

(c) Receiver Appointed by Court

apply to a court of competent jurisdiction for the appointment of a receiver, which term shall include a receiver and manager, to take possession of all or such part or parts of the Property as the Chargee shall designate with such

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duties, powers, and obligations as the court making the appointment shall confer and the Chargor hereby consents to the appointment of such receiver or receiver and manager; and/or

(d) Receiver

with or without entry into possession of the Property or any part thereof by writing duly executed by the Chargee, appoint a receiver, which term shall include a receiver and manager, of the Property or any part thereof and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any receiver and appoint another in his stead and upon the appointment of any such receiver or receivers from time to time subject to the provisions of the instrument appointing the receiver, any receiver appointed by instrument in writing shall have power:

(i) to take possession of, collect and get in all or any part of the Property and the rents and profits therefrom and, for that purpose, to take proceedings in the name of the Chargor, and to make any arrangement or compromise;

(ii) from time to time and without any previous notice or demand and free of charge, to enter upon or into and occupy and use all or any of the Improvements and equipment located at the Property;

(iii) to borrow or to raise money on all or any part of the Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;

(iv) to sell, concur in selling, or otherwise dispose of the Property either as a whole or in separate parcels without notice, at public auction, by public tender or by private sale, either for cash or upon credit and upon such terms and conditions as the receiver may determine and the receiver in the name and on behalf of the Chargor may execute and deliver to any purchaser of the Property or any part thereof good and sufficient deeds and documents for the same;

(v) to exercise any of the other rights to which the Chargee is entitled hereunder including the right to take proceedings in any court of competent jurisdiction for the appointment of a receiver and manager, for the sale of the Property or any part thereof or for foreclosure, and the right to take any other action, suit, remedy or proceeding authorized or permitted under this Charge or by law or by equity in order to enforce the Security;

(vi) to complete construction of any Improvement left by the Chargor in an unfinished state or award the same to others to complete;

(vii) to repair, alter or extend the Property or any part thereof including, without limitation, the installation of any appliance or equipment necessary or desirable to render the Property operable or rentable; and

(viii) lease any vacant space in the Property and to renew from time to time any or all of the Leases.

The receiver shall be vested with such other rights, discretions and powers of the Chargor and such other rights, discretions and powers as are granted in the instrument of appointment and any supplement thereto. The receiver shall for all purposes be deemed to be the agent of the Chargor and not of the Chargee, and the Chargor shall be solely responsible for his acts or defaults and for his remuneration and expenses and the Chargee shall not be in any way responsible for any misconduct or negligence on the part of any receiver. All monies from time to time received by such receiver may be applied as follows: first, in discharge of all operating expenses and other outgoings affecting the Property; second, in keeping in good standing all mortgages, charges and liens on the Property having priority over this Charge; third, in payment of the reasonable remuneration and disbursements of the receiver which may be fixed by the Chargee; fourth, in payment to the Chargee of the monies payable hereunder; and the balance, if any, shall be paid in accordance with law; and/or

(e) Power of Sale

on default of payment of any of the Amount Secured for at least fifteen (15) days, and on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Property or sell the Property. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act (Ontario), as amended from time to time. In the event that the giving of such notice shall not be required by law or to the extent that the manner of giving such notice is not prescribed by law, such notice shall be given in the manner set out in this Charge; and such notice shall be sufficient although not addressed to any Person or Persons by name or designation; and notwithstanding that any Person to be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in the payment of the Amount Secured or any part thereof and such default continues for two months after any payment of such falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such Persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the Property may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale under this Section may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Property or by reason of nonpayment or procuring payment of monies, secured by this Charge or otherwise, second in payment of all of the Amount Secured under this Charge; and the balance, if any, after the claims of the Chargee as aforesaid have been fully satisfied, it shall be paid to the Chargor or as it may direct. The Chargee may sell the Property or any part or parts thereof on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall

deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes the Chargee may make and execute all agreements and assurances as it shall deem fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder; and/or

(f) Realize Security

realize all or any parts or part of the Security by any other means of any nature or kind whatsoever that a court of competent jurisdiction shall approve as being just and expedient in the circumstances having regard to the nature of the operations carried on in the Property, including any other action, suit, remedy or proceeding authorized or permitted by this Charge or by law or in equity, and not necessarily limited to those means of realization which the court is given jurisdiction to approve by statute; and/or

(g) Enforce Covenants

take any action or proceeding to enforce the performance of any covenant contained in any of the Leases; and/or

(h) Other Remedies

take any action or proceedings permitted by law or equity to enforce payment of the Amount Secured or performance of any other covenant contained herein, or to enforce the Security, and to bring to sale the Property or any part or parts thereof under a judgment or decree of a court or courts of competent jurisdiction or by the enforcement of any other legal remedy which the Chargee shall deem most effectual to protect and enforce any of its rights hereunder.

8.05 Sale or Lease Without Entry

Provided that the Chargee may lease or sell as aforesaid without entering into possession of the Property.

8.06 Judgment

The Chargor covenants and agrees with the Chargee that in the case of any judicial or other proceedings to enforce the Security, judgment may be rendered against the Chargor in favour of the Chargee for any amount which may remain due in respect of the Amount Secured after the application to the payment thereof of the proceeds of any sale of the Property or any part thereof or any additional security therefor.

8.07 Further Assurances

In the event of any sale in accordance with the provisions of this Article, whether by the Chargee or under judicial proceedings, the Chargor agrees that it shall execute and deliver to the purchaser on demand any instrument or assurance reasonably necessary to confirm to the purchaser the title of the Property so sold, and, in the case of any such sale, the Chargee is hereby irrevocably authorized by the Chargor to execute on its behalf any such confirmatory instrument or assurance.

8.08 Authority of Chargee

No Person dealing with the Chargee or its agents shall be concerned to inquire whether the powers which the Chargee or such agents are purporting to exercise have become exercisable, or whether any money remains due upon the Security, or as to the necessity or expediency or the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Chargee with the Property or to see to the application of any money paid to the Chargee, and in the absence of fraud on the part of such Person, such dealings shall be deemed, insofar as regards the safety and protection of such Person, to be within the powers hereby conferred and to be valid and effectual accordingly.

8.09 Payment of Prior Encumbrances

The Chargee may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon or against the Property, having priority or which may gain or claim priority over this Charge or over all or part of the Amount Secured and in so doing may make payments to lien claimants and other Persons claiming an interest in the Property and payments into court. If the Chargee pays the amount of any such encumbrance, lien, or charge, either out of monies advanced on this Security or otherwise:

(a) any such payment or payments, and the reasonable out-of-pocket expenses of the Chargee, including legal costs, shall be at once payable by the Chargor and shall bear interest at the Interest Rate calculated as provided in paragraph (b) of Section 2.05, and shall be added to the Amount Secured; and

(b) it shall be entitled to all the rights, equities and securities of the Person so paid and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six (6) months if it thinks proper to do so.

8.10 Distress

If the Chargor makes default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the Property or any part thereof, and by distress warrant to recover by way of rent reserved, as in the case of a demise of the Property, so

much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of any of the outstanding Amount Secured under this Charge in the same manner as if the same were arrears of interest.

8.11 Application of Monies

Except as herein otherwise expressly provided, the monies arising from the possession by the Chargee of the Security, or from any sale or realization of the whole or any part of the Property (except by foreclosure), or any additional security, pursuant to any proceedings based upon an Event of Default hereunder, whether under any sale by the Chargee or by judicial proceedings or otherwise, shall be applied in the first place to pay or reimburse to the Chargee the costs, charges, expenses, advances and compensation of the Chargee incurred in taking, recovering and keeping possession of the Security, or generally in any other proceedings taken hereunder in connection with or to realize upon the Security, with interest thereon as herein provided, and all Taxes, rent and all other charges ranking in priority to the security of this Charge, and the residue of such monies shall be applied as follows:

(a) first, in or towards payment of the accrued and unpaid interest and interest upon overdue interest outstanding under this Charge;

(b) second, in or towards payment of the Principal Sum (including those amounts added to the Principal Sum pursuant to the provisions of this Charge which are then outstanding) and remaining Amount Secured outstanding on account of this Charge, unless the Chargee directs payments be made in accordance with any other order of priority, or without priority as between the Principal Sum, interest and other Amount Secured, in which case such monies shall be applied in accordance with such direction; and

(c) the balance, if any, of such monies shall be paid to the Chargor.

8.12 Chargee Not Liable

Save and except as to claims at law or in equity to an accounting, the Chargee shall not, nor shall any receiver or receiver and manager appointed by it, be responsible or liable, otherwise than as trustee, for any debts contracted by them, for damages to Persons or property, or for salaries or non-fulfilment of contracts during any period in which the Chargee or such receiver, or receiver and manager, shall manage the property or any part thereof upon or after entry, as herein provided. The Chargee shall not be bound to do, observe or perform or to see to the observance or performance by the Chargor of any of the obligations herein imposed upon the Chargor, nor in any other way to supervise or interfere with the conduct of the Chargors operation of the Property. However, notwithstanding the generality of the foregoing, the Chargee may, but shall not be bound to, do, observe or perform or see the observance or performance of any of the obligations herein imposed upon the Chargor or to supervise or interfere with the conduct of the Chargor's operation of the Property upon the occurrence of an Event of Default and the Chargee taking steps to enforce its rights or exercise its remedies hereunder, in accordance with the provisions of the Charge.

ARTICLE 9 - ADDITIONAL PROVISIONS

9.01 Ontario New Home Warranties Plan Act

If the Chargee incurs any cost or expense of any nature or kind in any way arising out of or relating to the Ontario New Home Warranties Plan Act and the regulations made pursuant thereto, as the same may be amended or replaced from time to time, with respect to the Property including without limitation, any cost or expense relating to (i) the registration thereunder of any Person or the Property or part thereof or (ii) the entering into of any agreement or agreements relating to the performance of warranty obligations or (iii) the performance of any warranty obligations, then any such cost and expense shall be added to the Amount Secured and shall be a charge on the Property in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Interest Rate calculated as provided in paragraph (b) Section 2.05 and shall be payable forthwith by the Chargor to the Chargee.

9.02 Covenants re: Condominiums

If the Property or any part thereof is a condominium unit, then the Chargor covenants and agrees as follows:

(a) it shall observe and perform all duties and obligations imposed on it by the Condominium Act, the Declaration and By-laws and the rules of the Condominium Corporation by virtue of the Chargor's ownership of such condominium unit. Without limiting the generality of the foregoing, the Chargor shall pay promptly when due all contributions to common expenses of the Condominium Corporation and all other monies, levies, charges and assessments whatsoever which are payable by the Chargor in respect of the Condominium Corporation;

(b) it shall forward to the Chargee proof of the Chargor's compliance with the Condominium Act, Declaration and By-laws and the rules of the Condominium Corporation as the Chargee may from time to time request, including, without limitation, an estoppel certificate from the Condominium Corporation;

(c) at the written request of the Chargee, the Chargor shall deliver to the Chargee copies of every notice, assessment, demand for payment, notice of meeting and all other documentation or information pertaining to the condominium unit or the Condominium Corporation received by the Chargor; and

(d) it shall direct and authorize the Condominium Corporation to permit the Chargee to inspect the Condominium Corporation's records at any reasonable time.

9.03 Right to Vote

To the extent that the Property or any part thereof is a condominium unit, the Chargor hereby appoints, authorizes and empowers the Chargee to exercise the right of the Chargor as owner of the condominium unit to vote or consent in all matters relating to the affairs of the Condominium Corporation provided that:

i) the Chargee shall not be under any obligation to vote, to consent or to protect the interest of the Chargor;

ii) the Chargee's exercise of the right to vote or to consent shall not constitute the Chargee a mortgagee in possession and shall not give rise to any liability on the part of the Chargee; and

iii) the Chargor shall be entitled to exercise such right to vote or to consent until the Chargee gives notice in writing to the Chargor and the Condominium Corporation of its intention to exercise such right, which notice may be for an indeterminate period of time, a limited period of time or a specific meeting or matter.

9.04 Events of Default for Condominium Property

It shall be an Event of Default if:

i) the government of the property by the Condominium Corporation or any part thereof included in the Property by the Condominium Act is terminated; or

ii) a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements which are all or any part of the Property, or any part of such common elements of the Condominium Corporation is expropriated; or

iii) the Condominium Corporation fails to comply with any provision of the Condominium Act, Declarations and By-laws, or any of the rules or regulations applicable to the Condominium Corporation; or

iv) the Condominium Corporation fails to insure the condominium units and the common elements governed by it in accordance with the Condominium Act and Declaration and By-laws; or

v) the Condominium Corporation fails in the Chargee's reasonable opinion, to manage its property and assets in a careful way or to maintain them in good repair.

9.05 Family Law Act

The Chargor covenants and agrees that it shall advise the Chargee forthwith after any change or happening affecting the spousal status of the Chargor or the status of the Property or a portion thereof as a matrimonial home within the meaning of the Family Law Act, (Ontario), as amended or replaced from time to time, the intention being that the Chargee shall be kept fully informed of any spouse who is not a owner but who has a right of possession in the Property by virtue of that Act. The Chargor shall forthwith on request provide the Chargee with such evidence in connection with the foregoing matters as the Chargee may request from time to time, including, without limitation, the authorization of the Chargor and Chargor's spouse to the registrar under the Vital Statistics Act (Ontario) to provide the Chargee from time to time on request with all information in its possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse.

9.06 Farm Lands

If the property or any part thereof are farm lands, the Chargor covenants and agrees that in each year during the currency of the Charge, it shall put into crop or summer fallow in good, proper and husbandlike manner, every portion of the Property which has been or may hereafter be brought under cultivation, and will keep the Property clean and free from all noxious weeds and use its best efforts to ensure that the Property does not depreciate in any way.

9.07 Expropriation

If the Property or any part thereof shall be expropriated by any Authority, the Amount Secured shall at the option of the Chargee forthwith become due and payable inclusive of interest thereon at the Interest Rate calculated in accordance with paragraph (b) of Section 2.05 to the date of payment, together with a bonus calculated as provided in paragraph 8.02 and in any event, all the proceeds of any expropriation shall be paid to the Chargee at its option in priority to the claims of any other Person.

9.08 Leases

The Chargor covenants and agrees with the Chargee that:

(a) Payment of Rent

it shall not accept or require payment of fixed minimum monthly rent or other rent of a like nature payable to the Chargor under the Leases other than as set forth in the Leases;

(b) No Assignment of Leases

it shall not at any time during the term of this Charge assign, pledge or hypothecate the Leases or the rents and revenues due or to become due thereunder, or any portions thereof, other than to the Chargee;

(c) Specific Assignment of Leases

for the consideration recited in Section 2.01 and as further security for the payment of the Amount Secured and for the performance of the covenants herein contained, it shall execute and deliver to the Chargee, from time to time and at any time at the request of the Chargee, a specific assignment of any or all of the Leases in such form and on such terms as may be reasonably required by the Chargee;

(d) Rent Statement

if requested by the Chargee, and within thirty (30) days following the date of request, it shall furnish to the Chargee a statement certified by the Chargor, in the case of an individual Chargor, and an officer of the Chargor, in the case of any other Chargor, indicating the names of all Tenants of the Property, the terms of their respective Leases, the premises occupied, the rental paid and whether or not the Leases are in good standing or, if not, the particulars of any default;

(e) Chargee's Approval

the Chargee shall have the right to approve any lease agreement which represents 10% or more of the Property's net leaseable area.

ARTICLE 10 - GENERAL

10.01 Dealings with Security

The Chargee may in its discretion at all times release any part or parts of the Property or any other additional security either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Property or any additional security or any Person from this Charge or from any of the covenants herein contained, it being expressly agreed that each and every portion into which the Property is or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no Person shall have the right to require the Amount Secured to be apportioned and the Chargee shall not be accountable to the Chargor for the value thereof or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the Property or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the monies hereby secured.

10.02 Quiet Possession

Until the occurrence of an Event of Default, the Chargor shall peaceably and quietly have, hold, use, occupy, possess and enjoy the Property and the subject matter of any additional security and manage and operate the same and receive and take the rents, revenues and other profits thereof for its own use and benefit without hindrance, interruption or denial of or by the Chargee or by any other Person or Persons whomsoever claiming by, from or under the Chargee.

10.03 Gender

Any word herein contained importing the singular number shall include the plural and any word importing the neuter gender shall include the feminine and masculine genders.

10.04 Time of the Essence

Time shall be of the essence hereof.

10.05 Severability of Covenants

If and to the extent that any covenant or condition in this Charge contained shall be void, voidable or unenforceable for any reason or shall render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by this Charge, then such covenant or condition shall be severed from the remainder of the provisions hereof and such remainder shall remain in full force and effect notwithstanding such severance.

10.06 Merger

There shall not be deemed to be any merger of this Charge nor of the rights and interests of the Chargee under this Charge with the freehold or leasehold estates in the Property nor with the reversion and rights and interests under any Lease or other charge by reason of the fact that the same Person may own or acquire, directly or indirectly, two or more of such estates, rights or interests.

10.07 Continuing Security

This Charge may secure a different or running account and shall stand as a continuing security for the payment of the Amount Secured and any other monies which may become due or payable to the Chargee notwithstanding any fluctuation or change in the amount, nature or form of such indebtedness to the Chargee or in any bills, notes or other obligations now or hereafter representing the same or any portion thereof or in the names of the parties to such bills, notes or obligations or any of them.

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10.08 Governing Law

This Charge shall be deemed to be an instrument made in and governed in all respects by the laws of the Province of Ontario and the Chargor hereby irrevocably attorns to the jurisdiction thereof

10.09 Enurement

This Charge and all its provisions shall enure to the benefit of the Chargee, its successors and assigns, and shall be binding on the Chargor, its heirs, executors, administrators, personal representatives, successors and assigns. If the Chargor is a corporation, the term "successor" shall include, without limiting its meaning, any corporation resulting from the amalgamation of the Chargor with any other corporation. If there is more than one Chargor, all covenants, liabilities and obligations hereunder shall be joint and several.

10.10 Exclusion of Statutory Covenants

In accordance with subsection 7(3) of the Land Registration Reform Act, as amended from time to time, the covenants deemed to be included in a charge by subsection 7(l) of the said Land Registration Reform Act are expressly excluded from this Charge.

10.11 Amendment

This Charge may be amended from time to time by written agreement between the parties hereto or their respective successors in title as to any of its terms including without limitation, provisions for an extension of the payment and maturity dates and an increase in either or both of the Principal Sum and the Interest Rate charged hereunder, which amending agreement need not be registered. It is agreed that this Charge, as so amended, shall retain priority over any encumbrance, lien, charge or other claim on the Property to which this Charge had priority at the time of the making of the amendment. Nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

10.12 Extension of Time

No extension of time given by the Chargee to the Chargor or anyone claiming under him or any other dealing by the Chargee with the owner of the Property or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge.

10.13 Date

This Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of signature thereof by the first named Chargor.

10.14 Additional Security

The Security is in addition to and not in substitution for any other security now or hereafter held by the Chargee. The Chargee's rights and remedies as set forth in this Charge are, to the fullest extent possible in law, cumulative and not alternative and any action taken by the Chargee shall not estop the Chargee from pursuing any remedy or remedies available the Chargee whether provided for in this Charge or otherwise. Without limiting the generality of the foregoing:

(a) the taking of a judgment or judgments under any of the covenants herein contained or otherwise shall not operate as a merger of the covenants or affect the Chargee's right interest computed at the Interest Rate calculated as provided in paragraph (b) of Section 2.05 until the judgment shall have been fully paid or satisfied; and

(b) this Charge shall not create any merger, rebate or discharge of any debt owing to the Chargee or of any lien, bond, promissory note, bill of exchange or other security held by r which may hereafter be held by the Chargee, whether from the Chargor or any other Person or Persons whomsoever and this Charge shall not in any way affect the liability of any endorser or any other Person or Persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Chargee for or on account of the Amount Secured or any portion or portions thereof nor shall the remedies of the Chargee in respect thereof be affected in any manner whatsoever.

10.15 Costs

In this Charge, the word "cost" shall extend to and include legal costs incurred by the Chargee as between a solicitor and his own client.

10.16 Discharge

The Chargee shall have a reasonable period of time after payment in full of the Amount Secured within which to prepare and execute a discharge of this Charge. It is the Chargor's responsibility to register the discharge and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such Persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized.

10.17 Notice

Any notice, election, demand, declaration or request which may or is required to be given or made pursuant to this Charge shall (unless otherwise required by law) be given or made in writing and may be served (i) in the case of a party who is an individual personally upon that party or mailed by prepaid registered mail in Ontario to the address for service provided for in the Charge and (ii) in the case of a party who is not an individual, personally upon any officer of the party for whom it is intended or mailed by prepaid registered mail in Ontario to the address for service provided for in the Charge. Any party may from time to time advise the other party or parties hereto by notice in writing, as aforesaid of any change to that party's address or to the executive officer upon whom service is to be made. The date of receipt of any such notice, election, demand, declaration or request other than a notice of sale, shall be the date of delivery of such notice, election, demand or request if delivered personally or if mailed as aforesaid shall be deemed to be the third (3rd) business day next following the date of such mailing. If, at the date of any such mailing, there is a general interruption in the operation of the postal service of Canada which does or is likely to delay the delivery by mail of such notice, election, demand or request, it shall be served personally. A notice of sale shall be deemed to be dated and received as of the date of its mailing.

10.18 Non-Merger

Notwithstanding the registration of this Charge and the advance of funds hereunder, the terms and conditions of any commitment letter sent by the Chargee to the Chargor and accepted by the Chargor, and any amendments thereto agreed upon in writing by the Chargor and Chargee, pertaining to the loan transaction evidenced by this Charge (collectively, the **"Commitment Letter"**) shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and delivered on closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of the Commitment Letter and this Charge, the Chargee in its sole discretion shall be entitled to determine which of the Commitment Letter and the Charge shall prevail.

ARTICLE 11 - COVENANTOR

11.01 Covenant by Covenantor

If any Person is named as a Covenantor in the Charge then in consideration of and as a condition of the Chargee advancing the Chargor the Principal Sum secured by this Charge and for other good and valuable consideration (the receipt and sufficiency of which the Covenantor hereby acknowledges), the Covenantor does hereby absolutely, unconditionally and irrevocably covenant to and agree with the Chargee as principal debtor and not as surety that:

(a) the Covenantor shall pay or cause to be paid to the Chargee the Amount Secured as and when such monies fall due;

(b) the Covenantor shall observe and perform and be bound by all of the Chargor's covenants, agreements, provisoes and obligations contained in this Charge and shall indemnify and save the Chargee harmless from all losses and expenses whatsoever it shall incur if the Chargor is in default of the performance and observance thereof;

(c) in the case of an Event of Default under this Charge the Chargee shall not be required to proceed first against the Chargor, the Property or any collateral or additional security it holds before resorting to the Covenantor for immediate payment of the Amount Secured but may proceed against the Covenantor prior to, contemporaneously with, or after any action against the Chargor, the Property or any collateral or additional security;

(d) the Chargee may at any time or times, and from time to time deal with this Charge, the Property, and with the Chargor in whatsoever manner that the Chargee shall deem proper, all without notice to and without the consent of the Covenantor and without relieving the Covenantor from liability under this Charge and without limitation the Chargee shall be permitted to waive defaults under this Charge, extend the time for payments, increase or decrease the Interest Rate hereunder, amend the Charge in any manner whatsoever, or accept and release other security and any surety of the repayment of the Amount Secured;

(e) the Covenantor shall not be released nor shall its liability be lessened hereunder for or by reason of any cause, matter or thing whatsoever whereby at law or otherwise a guarantor would be released continue to be liable to repay the Amount Secured as a principal debtor and not as a surety so long as the Amount Secured or any portion thereof remains unpaid; and

(f) no obligation or liability of the Covenantor hereunder shall be limited, released, discharged or in any way affected by (i) the insolvency or bankruptcy of any Person (ii) the invalidity or unenforceability of this Charge in whole or in part (iii) any loss of or in respect of any securities (including, without limitation, the Charge) received by the Chargee from the Chargor or any other Person (iv) any incapacity, disability or lack of limitation of status or power of the Chargor or directors or agents, or the fact that the Chargor may not be a legal entity or (v) any irregularity, defect or deformality in getting payment of all or any part of the loan security by this Charge.

11.02 Covenantor's Acknowledgement

The Covenantor hereby acknowledges (i) communication of all terms of the Commitment Letter and (ii) that this Charge is being delivered by the Covenantor free of any conditions or collateral agreements (iii) that it has read this Charge and is fully aware of all its terms and (iv) that no representations have been made to the Covenantor affecting the Covenantor's liability under this Charge except as may be contained in the Commitment letter.

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11.03 Covenantor's Postponement of Claim

The Covenantor hereby postpones to the indebtedness of the Amount Secured all indebtedness, present and future, of the Chargor to the Covenantor and, upon default by the Chargor in repayment of the Amount Secured, all such indebtedness of the Chargor to the Covenantor shall thereupon be deemed to be assigned to the Chargee without further formality, and all monies received from the Chargor on account of such indebtedness or for its account by the Covenantor shall be received in trust for the Chargee, and forthwith receipt, paid over to the Chargee until the Amount Secured is fully repaid, all without prejudice to the Chargee and without in any way limiting or lessening the liability of the Covenantor to the Chargee under this Charge.

DATED the 18th day of February, 1999.

NN LIFE INSURANCE COMPANY
OF CANADA
by its solicitors, FASKEN CAMPBELL GODFREY

Per: _____
Stephen T.P. Risk

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 994

ONTARIO LIMITED PREPAYMENT FIXED RATE CONVENTIONAL AND INSURED MORTGAGE
Land Registration Reform Act
SET OF STANDARD CHARGE TERMS

FILED BY BANK OF MONTREAL FILING NUMBER.....

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided by section 9 of the Act.

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2. DEFINITIONS

In this set of standard charge terms and in the Mortgage:

(a) "Act" means the Land Registration Reform Act and any amendments thereto in effect at the time of execution and delivery of the Mortgage.

(b) "Actual Mortgage Rate" means the interest rate per annum calculated in accordance with the applicable interest calculation period, not in advance, all as set out in the Mortgage and applicable, as well after as before maturity, default, and judgment.

(c) "Amendment Interest Rate Differential Amount" with respect to any amendment to the Mortgage means the amount by which the amount determined in subparagraph (i) below exceeds the amount determined in subparagraph (ii) below:

(i) the present value, as determined by the Mortgagee, of the aggregate amount of interest which would, but for the applicable amendment, be payable on the principal amount of the Mortgage outstanding on the Effective Date, from the Effective Date to the Maturity Date in effect prior to the amendment, at the Actual Mortgage Rate prior to the amendment (with such Actual Mortgage Rate being used as the discount rate (or factor) to be applied to determine the present value); and

(ii) the present value, as determined by the Mortgagee, of the aggregate amount of interest, calculated on the principal amount of the Mortgage outstanding on the Effective Date, from the Effective Date to the Maturity Date in effect prior to the amendment, at the interest rate per annum published by the Mortgagee as the rate of interest applicable on the Effective Date to fixed rate limited prepayment residential first mortgages in Canada for the mortgage term nearest in length to the remaining term of the Mortgage on the Effective Date prior to the amendment of the term (with the rate of interest per annum described in this subparagraph (ii) being used as the discount rate (or factor) to be applied to determine the present value).

(d) "Debt" means all present and future indebtedness and liability owing by the Mortgagor to the Mortgagee pursuant to or in respect of the Mortgage including, without limitation, all principal, any additional principal amount or amounts advanced in accordance with subparagraph 3(b), interest, compound interest, Taxes and costs.

(e) "Default" is defined in paragraph 20.

(f) "Effective Date" means the date on which the amendments in the applicable mortgage amending agreement take effect.

(g) "Guarantor" means the person or persons, if any, executing the Mortgage (including any Schedule) or any guarantee as guarantor, guaranteeing to the Mortgagee payment of the Mortgagor's indebtedness to the Mortgagee pursuant to or in respect of the Mortgage.

(h) "Interest Adjustment Date" means the first day of the month preceding the month in which the first instalment of principal and interest is due, if such instalments are paid

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monthly; or the first day of the month in which the first instalment of principal and interest is due, if such instalments are paid more frequently than monthly.

(i) "Maturity Date" means the date on which the balance of the principal amount owing under the Mortgage is due and payable.

(j) "Mortgage" means the applicable mortgage or charge, as amended from time to time, in which this set of standard charge terms is included by reference therein to its filing number (whether or not any provisions of this set of standard charge terms are excluded from such mortgage or charge) and includes all Schedules thereto, as amended from time to time and, for greater certainty, includes the provisions of this set of standard charge terms (except for any such provisions excluded from such mortgage or charge).

(k) "Mortgaged Land" means the real property described in the Mortgage, all tenements, hereditaments and appurtenances with respect thereto and all estates and interests therein, and for greater certainty includes all buildings, plant, machinery, erections and improvements, fixed or otherwise, present or future, built, placed or put thereon including, without limitation, all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings, all other apparatus and equipment appurtenant thereto, and all other fixtures, accessions and accretions of any kind or nature.

(l) "Mortgagee" means Bank of Montreal and its successors and assigns.

(m) "Mortgagor" means the person or persons so identified in the Mortgage and his, her or their Successors and assigns, as the case may be.

(n) "Non-Residential Mortgaged Land" means Mortgaged Land which:

(i) is vacant;

(ii) consists of commercial or industrial land;

(iii) has constructed thereon premises comprising seven or more dwelling units; or

(iv) consists of a rental housing project as defined in the National Housing Act.

(o) "Other Claims" is defined in subparagraph 6(d) hereof.

(p) "Prepayment Interest Rate Differential Amount" with respect to any prepayment of principal means the amount by which the amount determined in subparagraph (i) below exceeds the amount determined in subparagraph (ii) below:

(i) the present value, as determined by the Mortgagee, of the aggregate amount of interest which would, but for the applicable prepayment, be payable on the amount of the prepayment from the date of the prepayment to the Maturity Date at the Actual Mortgage Rate (with the Actual Mortgage Rate being used as the discount rate (or factor) to be applied to determine the present value); and

(ii) the present value, as determined by the Mortgagee, of the aggregate amount of interest, calculated on the amount of the prepayment from the date of the prepayment to the Maturity Date at the interest rate per annum published by the Mortgagee as the rate of interest applicable on the prepayment date to fixed rate limited prepayment residential first mortgages in Canada for the mortgage term nearest in length to the remaining term of the Mortgage on the prepayment date (with the rate of interest per annum described in this subparagraph (ii) being used as the discount rate (or factor) to be applied to determine the present value).

(q) "Prior Mortgage" means a mortgage referred to in subparagraph 6(d) hereof.

(r) "Schedule" means a schedule to the Mortgage.

(s) "Successor" means an heir, executor, administrator or successor.

(t) "Taxes" means all taxes, rates and assessments, whether federal, provincial, municipal or otherwise, with respect to the Mortgaged Land.

(u) "Term of the Mortgage" means the period commencing on the Interest Adjustment Date and ending on the Maturity Date.

3. OPERATION OF MORTGAGE

Mortgage of Mortgaged Land and Assignment of Rents and Leases

(a) In consideration of the principal amount set out in the Mortgage paid to the Mortgagor, or of such portion thereof as may be advanced from time to time (the receipt and sufficiency of which are acknowledged by the Mortgagor), upon execution and delivery of the Mortgage, the Mortgagor mortgages and charges the Mortgaged Land to and in favour of the Mortgagee and the Mortgagor assigns to the Mortgagee all existing and future leases, tenancy agreements and other similar agreements of all or any part of the Mortgaged Land granted by the Mortgagor or any predecessor of the Mortgagor as landlord and all rents and other similar amounts now or hereafter paid or payable to the Mortgagor in respect of all or any part of the Mortgaged Land:

(i) as security for payment to the Mortgagee when due of all Debt including, without limitation:

A. the principal amount outstanding pursuant to the Mortgage from time to time;

B. interest accruing on such principal amount at the Actual Mortgage Rate; and

C. all other amounts payable pursuant to or secured by the Mortgage from time to time as determined by reference to the provisions of the Mortgage or otherwise determined in accordance with the law including, without limitation, compound interest payable by the Mortgagor pursuant to the provisions hereof and interest on any late payments,

all calculated and payable as provided by the Mortgage; and

(ii) as security for the observance and performance of all other obligations of the Mortgagor pursuant to or in respect of the Mortgage.

Subject to the provisions of the Mortgage, the Mortgagor releases to the Mortgagee all the Mortgagor's claims upon the Mortgaged Land.

Additional Principal Advances Secured

(b) The Mortgagee may, from time to time in the Mortgagee's sole discretion, lend additional principal amounts to the Mortgagor provided the principal amount at any time owing by the Mortgagor to the Mortgagee and secured by the Mortgage shall not exceed the principal amount set out in the Mortgage and provided further that the Mortgagor delivers to the Mortgagee a letter, agreement or instrument wherein the Mortgagor refers to such additional principal amount and the Mortgage or wherein the Mortgagor agrees that such principal advance is made pursuant to the Mortgage or agrees that such principal amount shall be secured by the Mortgage. Each such principal amount, all interest accrued thereon and all other amounts owing by the Mortgagor to the Mortgagee with respect thereto shall be included as Debt, the payment thereof by the Mortgagor to the Mortgagee shall be secured by the Mortgage and each provision of the Mortgage shall apply thereto. The foregoing shall apply whether or not the principal amount of the Mortgage is from time to time reduced and thereafter increased or paid in full and thereafter incurred again. Nothing herein shall obligate the Mortgagee to lend any principal amount.

Continuation of Mortgage

(c) The Mortgage shall continue in full force and effect in accordance with its terms until the Mortgagee delivers a discharge of the Mortgage.

Mortgage Assignable by Mortgagee

(d) For greater certainty, the Mortgage and the Debt are assignable by the Mortgagee, and payment of amounts secured by the Mortgage to the Mortgagee in circumstances wherein it is intended that the Mortgage be assigned and not discharged, shall not cause the Mortgage to cease to operate nor entitle the Mortgagor to a discharge of the Mortgage.

Discharge

(e) The Mortgage is given upon the express condition that if the Mortgagor duly pays or causes to be paid to the Mortgagee the Debt in full without any deduction or abatement, as and when the same is due, and duly observes and performs all other obligations of the Mortgagor pursuant to or in respect of the Mortgage, and the Mortgagee has no obligation to lend any amount to the Mortgagor, then the Mortgagee shall, after receipt of the Mortgagor's written request therefor, deliver to the Mortgagor a discharge of the Mortgage.

Foreclosure Right

(f) The right of foreclosure is hereby expressly given and reserved to and retained by the Mortgagee in the same manner and to the same extent as if the Mortgagor had transferred the Mortgaged Land to the Mortgagee by way of mortgage subject to a proviso for redemption.

4. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST

The principal amount of the Mortgage, interest thereon and all other amounts payable under the Mortgage shall be paid at the branch or banking unit of the Mortgagee with which the Mortgagor is dealing or which is designated by the Mortgagee in writing.

Interest to Interest Adjustment Date

(a) The Mortgagor shall, on the Interest Adjustment Date, pay interest at the Actual Mortgage Rate on the principal amount of the Mortgage or such part thereof advanced by the Mortgagee to the Mortgagor from the date of advance until the Interest Adjustment Date, provided that, at the Mortgagee's request, the Mortgagor shall pay interest monthly on the first day of each month at the Actual Mortgage Rate on the principal amount or part thereof advanced by the Mortgagee to the Mortgagor from the date of advance until the Interest Adjustment Date and provided further that, at the Mortgagee's option, any accrued interest may be deducted from any principal advance.

Payments of Principal and Interest

(b) The Mortgagor shall pay to the Mortgagee the principal amount of the Mortgage and interest thereon at the Actual Mortgage Rate from and including the Interest Adjustment Date in equal instalments in the amount set out in the Mortgage, commencing on the first payment date set out in the Mortgage and ending on the last payment date set out in the Mortgage, and shall pay the balance, if any, of the principal amount, interest and other outstanding amounts secured by the Mortgage on the Maturity Date (unless such amounts are payable hereunder at an earlier date).

Interest After Default

(c) In default of payment when due of any amount payable pursuant to the Mortgage whether on, before or after the Maturity Date or judgment, and until such amount is paid, the Mortgagor shall pay to the Mortgagee interest at the Actual Mortgage Rate on such amount and such interest shall be paid on the first day of each month. In the event any such amount unpaid and interest thereon as aforesaid, or any part thereof, is not paid within the current interest calculation period specified in the Mortgage and without in any way waiving any demand or requirement that such arrears and interest be paid, a rest shall be made as at the end of the interest calculation period and as at the end of each subsequent interest calculation period until all such arrears and all interest are paid. Compound interest at the Actual Mortgage Rate shall, after each rest, be payable on the aggregate amount of arrears and interest then owing including any compound interest then due, and shall be due on the first day of the month next following the end of such interest calculation period and thereafter on the first day of each month until paid, and so on from time to time until all such arrears, interest and compound interest are paid. All amounts payable under this provision, whether for principal, interest, compound interest or otherwise shall be secured by the Mortgage on the Mortgaged Land.

Application of Amounts Received by Mortgagee

(d) All amounts paid by the Mortgagor to the Mortgagee (unless otherwise agreed in writing) shall, prior to default by the Mortgagor, be applied firstly to reduce compound interest, secondly to reduce interest (other than compound interest), thirdly to reduce principal and fourthly to reduce any other amount owing by the Mortgagor to the Mortgagee. All amounts paid by the Mortgagor to the Mortgagee (or otherwise received by the Mortgagee) after default by the Mortgagor shall be applied in the manner determined by the Mortgagee in its sole discretion.

5. LIMITED PREPAYMENT PROVISIONS

(a) The Mortgagor shall not be entitled, subject to subparagraph (b), to prepay any amount of principal under the Mortgage, except that, subject to subparagraphs (c) and (d):

(i) the Mortgagor shall be entitled, when not in default under the Mortgage, to prepay at any time or times, without notice and without payment of bonus, an amount or amounts of principal, provided that:

A. each amount of principal prepaid shall not be less than $100.00; and

B. the aggregate of all amounts of principal prepaid during any calendar year shall not exceed 15% of the original principal amount of the Mortgage; and

C. such prepayment privileges shall not be cumulative; and

(ii) the Mortgagor shall be entitled, when not in default under the Mortgage, upon the execution by the Mortgagor of a mortgage amending agreement in form and substance satisfactory to the Mortgagee:

A. to increase once in each calendar year the amount of the instalment of principal and interest payable under the Mortgage, provided that such increase does not exceed 15% of the amount of the instalment of principal and interest payable by the Mortgagor immediately prior to such increase; or

B. after any increase pursuant to subparagraph A. hereof, to decrease once in each calendar year (including the year in which such increase occurred) the amount of the instalment of principal and interest payable under the Mortgage, provided that the original amortization period of the Mortgage is not extended as a result of such reduction;

provided further that the rights referred to in subparagraphs (ii)A. and (ii)B. are not cumulative; and

(iii) the Mortgagor shall be entitled, when not in default under the Mortgage, to prepay any amount of principal at any time or times without notice, upon payment, by way of bonus, of the following additional amount:

A. if the Term of the Mortgage is not longer than three years, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)A. shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

B. if the Term of the Mortgage is longer than three years and not longer than five years and:

1. the Mortgage is not insured against default, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)B.1. shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

2. the Mortgage is insured against default and if the date of prepayment is:

(1) after the third year of the Term of the Mortgage, an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

(2) during the first three years of the Term of the Mortgage, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)B.2.(2) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

C. if the Term of the Mortgage is longer than five years and:

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1. the Mortgage is not insured against default and if the date of prepayment is:

   (1) after the fifth year of the Term of the Mortgage, an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

   (2) during the first five years of the Term of the Mortgage, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)C.1.(2) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

2. the Mortgage is insured against default and if the date of prepayment is:

   (1) after the third year of the Term of the Mortgage, an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment; or

   (2) during the first three years of the Term of the Mortgage, the Prepayment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (iii)C.2.(2) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment.

(b) If the Mortgagor is not a corporation, the Term of the Mortgage is longer than five years and the Mortgaged Land is Non-Residential Mortgaged Land, the Mortgagor shall be entitled to prepay any amount of principal after the fifth year of the Term of the Mortgage, provided the Mortgagor pays to the Mortgagee an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment. For all purposes of the Mortgage, the date of the Mortgage shall be the Interest Adjustment Date and the Interest Adjustment Date shall be the date specified by the definition of "Interest Adjustment Date".

(c) Notwithstanding any other provision of the Mortgage, the Mortgagor shall not be entitled to prepay any amount of principal (except to the extent permitted by subparagraph (b)) or increase the amount of the instalments payable under the Mortgage if the Mortgaged Land is Non-Residential Mortgaged Land.

(d) In the event any prepayment is made, the payment dates and the amount of all remaining instalments shall continue unaffected by the prepayment so that the Mortgagor shall pay the instalments provided for in the Mortgage when due until all amounts owing under the Mortgage have been fully paid.

6. EXPRESS COVENANTS BY MORTGAGOR

The following covenants shall be deemed included as covenants of the Mortgagor, in every Mortgage in which this set of standard charge terms is referred to by its filing number, except to the extent that such covenants are expressly amended or excluded from the Mortgage by the provisions of the Mortgage, and the following covenants shall be construed and applied as covenants made by the Mortgagor for the Mortgagor and the Mortgagor's Successors and assigns to and in favour of the Mortgagee, its successors and assigns, to the same extent as if set out as such in the Mortgage executed and delivered by the Mortgagor.

Payment of Principal and Interest

(a) The Mortgagor shall pay to the Mortgagee all Debt and all other amounts secured by or payable under the Mortgage, as and when the same become due in lawful money of Canada, without deduction or set-off of any kind.

Observance and Performance of Provisions

(b) The Mortgagor shall duly and punctually observe and perform all the provisions of the Mortgage which are to be observed and performed by the Mortgagor.

Taxes

(c) The Mortgagor shall promptly pay or cause to be paid all Taxes as they become due and, without limiting the foregoing:

(i) the Mortgagee may deduct from the final advance of the principal moneys an amount sufficient to pay the unpaid Taxes which have become or will become due and payable on or before the Interest Adjustment Date;

(ii) after the Interest Adjustment Date the Mortgagor shall pay to the Mortgagee in instalments on the dates on which instalments of principal and interest are payable pursuant to the Mortgage, sums sufficient to enable the Mortgagee to pay the whole amount of Taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof;

(iii) where the period between the Interest Adjustment Date and the next following annual due date or first instalment due date for Taxes is less than one year, the Mortgagee may, at the Mortgagee's option, require the Mortgagor to pay to the Mortgagee in equal instalments, on each date on which an instalment of principal and interest is payable pursuant to the Mortgage, during such period and during the next succeeding twelve months' period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said twelve months' period, all Taxes which shall become due and payable during the said two periods and during the balance of the calendar year in which the said twelve months' period expires; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the actual Taxes exceed such estimated amount;

(iv) subject to subparagraph 6(c)(iii) hereof, the Mortgagor shall pay to the Mortgagee on each date on which an instalment of principal and interest is payable pursuant to Mortgage:

A. one-fifty-second of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if the payment date and period specified in the Mortgage is Friday of every week; or

B. one-twenty-sixth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if the payment date and period specified in the Mortgage is Friday of every second week; or

C. one-twenty-fourth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date if the payment dates and period specified in the Mortgage is the first and fifteenth days of every month; or

D. one-twelfth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if the payment date and period specified in the Mortgage is the first day of every month,

and the Mortgagor shall also pay to the Mortgagee on demand, the amount, if any, by which the actual Taxes exceed such estimated amount; and

(v) the Mortgagor shall pay to the Mortgagee on demand interest, at the Actual Mortgage Rate, on the debit balance, if any, of the Mortgagor's tax account outstanding after payment of Taxes by the Mortgagee, until such debit balance is fully repaid; and the payment of such interest shall be secured by the Mortgage.

The Mortgagee shall apply such payments to pay Taxes only so long as a Default has not occurred but nothing herein shall obligate the Mortgagee to apply such payments on account of Taxes more often than yearly. If, before a sum or sums so paid to the Mortgagee shall have been so applied, there shall be a Default, the Mortgagee may apply such sum or sums in or towards payment of any part or parts of the Debt as the Mortgagee may determine. The Mortgagor shall transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith after receipt of same.

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Good Title and Free From Encumbrances

(d) At the time of execution and delivery of the Mortgage, the Mortgage is subject only to any prior mortgage to which the Mortgagee has consented in writing (hereinafter individually or collectively, as the case may be, called the "Prior Mortgage"); the Mortgagor is the legal and beneficial owner of, and has a good, absolute and indefeasible title and estate in fee simple to the Mortgaged Land (or, if paragraph 23 applies to the Mortgage, a good and absolute leasehold interest in the Mortgaged Land), without any encumbrance, lien, charge, mortgage, reservation, limitation, proviso or condition whatsoever except those contained in the original grant thereof from the Crown; and the Mortgagor has good right, full power and lawful and absolute authority to mortgage and charge the Mortgaged Land to the Mortgagee in accordance with the provisions of the Mortgage; and the Mortgagor has not done, omitted or permitted anything whereby the Mortgaged Land or the Mortgagor's estate, right, title or interest therein is or may be alienated, encumbered, liened, charged, mortgaged, impeached or affected except for the Mortgage and any Prior Mortgage; and the Mortgagor agrees that, except for any Prior Mortgage, the Mortgagor shall keep the Mortgaged Land (or, if paragraph 23 applies to the Mortgage, the Mortgagor's leasehold interest therein) free and clear of and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the Mortgaged Land, arrears of Taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions, and rights (which encumbrances, liens, charges and mortgages including each Prior Mortgage, if any, are hereinafter collectively called "Other Claims").

Payments by Mortgagee of Other Claims

(e) The Mortgagee may pay the whole or any part of any Other Claims at any time having priority over the Mortgage. The amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate. The Mortgagee shall be entitled to the equities, rights and securities of the person or persons so paid and to obtain an assignment of any Other Claims so paid and of any right to payment, and the Mortgagee is authorized to retain any discharge of any Other Claims, without registration, until payment to the Mortgagee in full of such Other Claims.

Insurance

(f) The Mortgagor (or if the Mortgaged Land includes a condominium unit, the applicable condominium corporation) shall, at the Mortgagor's sole expense (or such condominium corporation's sole expense), forthwith insure and during the continuance of the Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning and tempest and such other risks and perils as the Mortgagee may require including risks and perils covered by an "all risks" policy with standard extended coverage, each and every building now or hereafter erected on the Mortgaged Land, both during erection and thereafter, and also crops and other personal property or produce of land which may be charged by the Mortgage, for the full replacement cost thereof, and in an amount sufficient to avoid the application of any co-insurance provisions. Furthermore, in the case of commercial, industrial and/or income producing properties, this covenant shall also include, without limitation, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Mortgagee. Without limiting the foregoing and in addition thereto:

(i) Prior to any advance of principal, the Mortgagor shall deliver to the Mortgagee a certified copy of each policy of insurance and receipts evidencing the payment of premiums for such insurance, and each such policy shall contain a standard mortgage clause approved by the Mortgagee, shall have provisions satisfactory to the Mortgagee and shall be issued by an insurer or insurers satisfactory to the Mortgagee; if the Mortgaged Land includes a condominium unit, the Mortgagor or the applicable condominium corporation shall assign, transfer and deliver to the Mortgagee certificates of insurance and insurance proceeds with respect to such unit; if any policy or any insurer at any time ceases to be satisfactory to the Mortgagee, the Mortgagor shall effect such new insurance as the Mortgagee may require.

(ii) Each policy shall contain an undertaking by the insurer to notify the Mortgagee in writing not less than fifteen days prior to any material change, cancellation, failure to renew or termination thereof.

(iii) At least fifteen days prior to the expiry of a policy or at least five days prior to the date fixed for cancellation of a policy should notice of cancellation be given, the Mortgagor shall deliver to the Mortgagee evidence of renewal or replacement therefor.

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(iv) The loss under each policy shall be made payable to the Mortgagee as beneficiary and mortgagee as its interest may appear with preference in its favour over any claim of any other person or persons.

(v) In the event of failure on the part of the Mortgagor to fulfill any obligation of the Mortgagor under subparagraph 6(f) hereof, the Mortgagee shall be entitled (but shall not be obligated), unless such failure is rectified within two days after written notice by the Mortgagee to the Mortgagor of such failure, to effect such insurance as it deems proper and the Mortgagor shall promptly pay to the Mortgagee, on the then next date on which interest is payable by the Mortgagor, all premiums paid by the Mortgagee and such amount payable by the Mortgagor shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

(vi) If the Mortgaged Land includes a condominium unit, the Mortgagor shall (and shall cause the applicable condominium corporation to) comply with all provisions of the applicable policy, observe and perform all duties and obligations imposed by statute or by the applicable condominium declaration and by-laws and, without limitation, comply with all the insurance provisions of the declaration and the Mortgagor, as a member of such condominium corporation, shall seek full compliance by such condominium corporation with all such covenants.

(vii) In case of any loss or damage, the Mortgagor shall, at the Mortgagor's sole expense, immediately notify the Mortgagee of such loss or damage, fully comply with all provisions of the applicable policy, and furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of all insurance moneys. Production of the Mortgage shall be sufficient authority for any insurer concerned (and such insurer is hereby directed by the Mortgagor) to pay any such loss to the Mortgagee. The Mortgagee shall have the right in its sole discretion, to the extent permitted by law, to apply the moneys in whole or in part in and to any one or more of the following:

A. in reduction of the Debt, including any principal amount outstanding under the Mortgage notwithstanding that such amount at such time may not be due and payable;

B. in payment of costs of rebuilding, reinstating, repair or reconstruction; or

C. in payment to subsequent encumbrancers entitled thereto, the Mortgagor or assigns thereof, as their interests may appear.

No damage to the insured property shall be repaired or any reconstruction effected without the prior written approval of the Mortgagee.

(viii) As additional and separate security for payment of the Debt and all other indebtedness secured by the Mortgage, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee, all the Mortgagor's present and future interests in and to all such present and future insurance policies and all proceeds therefrom.

Further Assurances

(g) The Mortgagor and each and every person having or claiming to have an estate, right, title, interest or trust of, in or to the Mortgaged Land shall, at any time and from time to time, make, execute and deliver or cause to be made, executed and delivered to the Mortgagee such further and other reasonable acts, deeds, conveyances and assurances as may be required to fully and effectually carry out the true intention and meaning of the Mortgage and the provisions included in the Mortgage and the reasonable cost of such further assurances shall be added to the Debt.

Liens

(h) The Mortgagor shall, within twenty-one days after a request by the Mortgagee to do so, cause to be discharged all construction lien claims registered against the Mortgaged Land.

Discharge of Part of Mortgaged Land

(i) The Mortgagee may at its discretion, subject to the provisions of applicable law, from time to time release or discharge any part or parts of the Mortgaged Land, any other security or any guarantor or surety for the Debt either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing or discharging the Mortgagor, any other part of the Mortgaged Land, other security, or other guarantor or surety from the Mortgage or from any covenants contained or incorporated in the Mortgage and without being accountable to the Mortgagor for the value thereof or for any money other than that actually received by the Mortgagee, and every part or lot into which the Mortgaged Land is or may hereafter be divided shall continue to be mortgaged and charged with the whole amount of the Debt.

Granting of Time, etc.

(j) The Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Mortgagor, any guarantor or surety, and all other persons and securities as the Mortgagee may see fit without prejudicing any of the rights of the Mortgagee under the Mortgage.

Waste

(k) The Mortgagor shall not permit waste to be committed or suffered on the Mortgaged Land or any part thereof and shall maintain the buildings, erections, fixtures and other improvements on the Mortgaged Land in good order and repair to the satisfaction of the Mortgagee.

Alterations

(l) The Mortgagor shall not, subject to subparagraph (m), make or permit to be made, any alterations or additions to the Mortgaged Land or any buildings thereon without the prior written consent of the Mortgagee and the Mortgagor will not allow the Mortgaged Land to remain unoccupied or unused.

Compliance with Laws, Good Condition, Inspection and Repairs

(m) The Mortgagor shall comply with all laws, by-laws and regulations affecting the Mortgaged Land, and with all orders, directives and requirements of any governmental authority or agency having jurisdiction and, at the Mortgagor's own expense, shall promptly and in a good and workmanlike manner make all improvements, alterations and repairs and effect any change in use that may be required from time to time to effect such compliance. The Mortgagor shall maintain the Mortgaged Land and all buildings, fixtures and other improvements on the Mortgaged Land in good condition and repair. The Mortgagee or any agent thereof may from time to time enter upon the Mortgaged Land and inspect the same and make such repairs as the Mortgagee deems necessary without being deemed to be a mortgagee in possession. The Mortgagor shall, on demand by the Mortgagee, reimburse the Mortgagee for all reasonable costs of such inspection and repairs and such amounts owing by the Mortgagor shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

Advance of Principal

(n) If any portion of the principal amount to be advanced by the Mortgagee and secured by the Mortgage is not advanced at the date of registration of the Mortgage, the Mortgagee may advance the same in one or more sums at any future date or dates and the amount of each such advance shall be secured by the Mortgage and be repayable with interest at the Actual Mortgage Rate and for all purposes of priority shall be considered and treated as having been so secured and advanced at the date of registration of the Mortgage. For greater certainty, where such subsequent advances are part of the principal amount contemplated by the Mortgagee at the time the Mortgage is granted, the letter, agreement or instrument referred to in subparagraph 3(b) shall not be required in order to effect the foregoing. None of the preparation, execution, delivery or registration of the Mortgage, or the advance in part of the principal amount of the Mortgage shall obligate the Mortgagee to advance the whole of the principal amount or any unadvanced portion thereof but nevertheless the Mortgage shall take effect forthwith on the execution and delivery of the Mortgage by the Mortgagor.

Waiver

(o) No waiver, condonation or excusing by the Mortgagee of any default, breach or other non-performance by the Mortgagor at any time or times hereunder shall operate as a waiver by the Mortgagee of a subsequent default, breach or non-performance or adversely affect in any way the rights of the Mortgagee hereunder.

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Effect of Sale

(p) No sale, conveyance, transfer or other dealing by the Mortgagor with the Mortgaged Land or any part thereof or any approval of the Mortgagee relating thereto shall, subject to paragraph 16, in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor, any guarantor or surety, or any other person or persons liable for payment of the Debt.

Extension of Time and Amendments

(q) No extension of time given by the Mortgagee to the Mortgagor or anyone claiming under the Mortgagor or any other amendment to the Mortgage or any other dealing by the Mortgagee with the owner of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor or surety, or any other person or persons liable for payment of the Debt. The Term of the Mortgage may be extended, the terms of payment changed and any other amendments effected by a written agreement between the Mortgagor and the Mortgagee with or without an increased rate of interest. Such amendment agreement need not be registered, but shall bind the Mortgaged Land. The priority of the Mortgage as extended and amended vis à vis subsequent transferees and encumbrancers shall remain unchanged whether or not such amendment agreement is registered. Nothing herein shall confer on the Mortgagor any right to an extension or amendment of the Mortgage.

Discharge or Assignment

(r) The Mortgagee shall be entitled to prepare or have its counsel prepare a discharge or assignment of the Mortgage and any other documents necessary to discharge or assign any security held by the Mortgagee and shall have a reasonable time after payment of all Debt within which to prepare, execute and deliver such documents. Interest at the Actual Mortgage Rate shall continue to accrue to the date of receipt of such payment in full. All reasonable fees and expenses of the Mortgagee and all reasonable fees and disbursements of the Mortgagee's counsel in connection with the preparation, review, execution and delivery of such documents shall, to the extent permitted by law, be paid by the Mortgagor to the Mortgagee as a condition precedent to the delivery of such documents.

Other Security

(s) The Mortgage is in addition to and not in substitution for any other security at any time held by the Mortgagee for all or any part of the Debt, and the Mortgagee may, at its option, pursue its remedies thereunder, under the Mortgage or at law concurrently or successively. Any judgment or recovery under the Mortgage or under any other security held by the Mortgagee for the Debt shall not affect the right of the Mortgagee to realize upon the Mortgage or any other such security.

Fixtures

(t) For greater certainty, all erections and improvements fixed or otherwise now on or hereafter put on the Mortgaged Land, including without limiting the generality of the foregoing, all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings and all other apparatus and equipment appurtenant thereto and all accessions and accretions of any kind or nature are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Mortgaged Land.

Expenses

(u) The Mortgagor shall pay to the Mortgagee, on demand by the Mortgagee, an amount equivalent to all expenses paid or incurred by the Mortgagee in respect of the Mortgage or the Mortgaged Land including, without limitation:

(i) solicitor's, inspector's, valuator's and surveyor's fees and expenses (including all such fees and expenses incurred in valuing the Mortgaged Land, preparing and registering the Mortgage, investigating the Mortgaged Land or title thereto, and making or maintaining the Mortgage as a first mortgage and charge of the Mortgaged Land);

(ii) insurance premiums, Taxes, and amounts paid in respect of any Prior Mortgage, Other Claims, liens, charges, encumbrances or claims charged or to be charged against the Mortgaged Land;

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(iii) costs of maintaining, repairing, restoring or completing the Mortgaged Land;

(iv) costs of inspecting, leasing, managing or improving the Mortgaged Land, including the price of any goods of any sort or description supplied to be used on the Mortgaged Land; and

(v) costs of exercising or enforcing or attempting to exercise or enforce any right, power, or remedy pursuant to the Mortgage or otherwise including all legal costs, on a solicitor and his or her own client scale, and any costs of consultants or other advisers to the Mortgagee in connection with such enforcement,

whether such amounts are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise and whether or not any principal amount is advanced. All such amounts shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

Moneys Received

(v) The Mortgagee shall not be accountable for any amounts except those actually received by the Mortgagee.

Change in Spousal Status

(w) After any change or event affecting any of the following, namely,

(i) the spousal status of the Mortgagor;

(ii) the qualification of the Mortgaged Land as a matrimonial home; or

(iii) the ownership of the Mortgaged Land,

the Mortgagor will forthwith advise the Mortgagee accordingly in writing and furnish the Mortgagee with full particulars thereof, the intention being that the Mortgagee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the Mortgaged Land and of any spouse who is not an owner but who has a right to possess the Mortgaged Land. In furtherance of such intention, the Mortgagor shall furnish the Mortgagee with such evidence in connection with any of subparagraphs (i), (ii) and (iii) of this provision as the Mortgagee may from time to time request.

Environmental Inspection and Testing

(x) The Mortgagee, agent of the Mortgagee, or agent of the applicable mortgage insurer may, at any time, before and after Default, and for any purpose deemed necessary by it, enter upon the Mortgaged Land to inspect the Mortgaged Land. Without in any way limiting the generality of the foregoing, the Mortgagee or the applicable mortgage insurer (or their respective agents) may enter upon the Mortgaged Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by it (or them) and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Actual Mortgage Rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the Mortgaged Land. The exercise of any of the powers herein shall not deem the Mortgagee, the mortgage insurer or their respective agents to be in possession, management or control of the Mortgaged Land.

7. MORE FREQUENT PAYMENT PROVISIONS

If the Mortgage provides for the payment of instalments of principal and interest more frequently than monthly, the Mortgagor shall be required to make all instalment payments of principal and interest and pay Taxes and life insurance premiums, if applicable, in accordance with the provisions of the Mortgage and the following provisions:

(a) Despite anything in the Mortgage to the contrary, in the event there occurs a Default, the Mortgagor shall pay to the Mortgagee all arrears then outstanding and shall, at the option of the Mortgagee, pay to the Mortgagee, principal, interest and Taxes in monthly instalments; the amount of such monthly instalments and the terms of repayment shall be determined by the Mortgagee provided that the original amortization period of the Mortgage is not extended as a result of the Mortgagor's making monthly payments of principal, interest and Taxes; provided further that nothing herein contained shall prejudice the Mortgagee's rights pursuant to the provisions contained in or incorporated into the Mortgage which require payment, at the Mortgagee's option, of all Debt, if a Default occurs.

(b) The Mortgagor shall maintain with the Mortgagee or another financial institution satisfactory to the Mortgagee, an account of a type which is satisfactory to the Mortgagee. The Mortgagor shall authorize the Mortgagee to debit such account automatically by an amount equivalent to the amount of each instalment of principal, interest, Taxes and life insurance premiums (if applicable) payable, when each such instalment is due. If the account is with another financial institution, the Mortgagor shall cause such other financial institution to remit such amount to the Mortgagee when each instalment is due. The Mortgagor shall, at the Mortgagee's request, execute such authorization in form and substance satisfactory to the Mortgagee.

(c) The Mortgagor shall ensure that there are, at all times, sufficient funds deposited to the account referred to in subparagraph 7(b) hereof to pay each instalment when due. Failure by the Mortgagor to comply with the foregoing, cancellation by the Mortgagor of the authorization referred to in subparagraph 7(b) hereof or termination of such account shall constitute a Default.

8. **SALE, CONVEYANCE OR TRANSFER OF MORTGAGED LAND**

In the event the Mortgagor sells, conveys, transfers or enters into an agreement to sell, convey or transfer the Mortgaged Land to a purchaser or a transferee thereof who is not approved by the Mortgagee in writing, the Debt shall, at the Mortgagee's option, become forthwith due and payable; provided that the Mortgagee shall not unreasonably withhold such approval.

9. **NO FEE - AUTOMATIC RENEWAL AT MATURITY OF SIX MONTH TERMS, ONE YEAR TERMS AND TWO YEAR TERMS**

If at any time the Term of the Mortgage (or any subsequent term of the Mortgage) is six months, one year or two years, the Mortgagor shall be entitled at maturity, provided a Default has not then occurred, to automatic further six month, one year or two year term extensions respectively without paying a renewal fee. Prior to the end of each six month, one year or two year term, the Mortgagee will provide the Mortgagor with a notice offering to extend the then current term of the Mortgage for a further six month, one year or two year term, provided the Mortgagor pays interest at the amended rate and the amended amount of the mortgage payments to the new maturity date, all as specified by the notice. If the Mortgagee does not receive from the Mortgagor before the fifteenth day after the notice is mailed to the Mortgagor's last known address (as shown by the Mortgagee's records), written advice that the Mortgagor does not accept such offer, the Mortgagor shall be deemed to have accepted the Mortgagee's offer. The Mortgagor's failure to respond to or receive such notice shall not prevent the interest rate from changing, on the first day of the extended term, to the rate specified by the notice, or otherwise affect the foregoing. The Mortgagee may terminate the foregoing no fee automatic renewal program on six months' written notice to the Mortgagor.

10. **MORTGAGE RATE PROTECTION PLAN**

The Mortgagor shall be entitled at any time when not in default under the Mortgage, to ask for an amendment to the Mortgage. If the Mortgagee agrees to amend the Mortgage, such amendment shall be in accordance with a mortgage amending agreement executed by the Mortgagor in form and substance satisfactory to the Mortgagee, which shall stipulate, among other things, the Effective Date; provided that the Mortgagor pays to the Mortgagee before execution of the mortgage amending agreement:

(a) an amendment fee in an amount satisfactory to the Mortgagee; and

(b) (i) if the Term of the Mortgage is not longer than three years, the Amendment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (b)(i) shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

(ii) if the Term of the Mortgage is longer than three years but not longer than five years and:

A. the Mortgage is not insured against default, the Amendment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (b)(ii)A. shall be not less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

B. the Mortgage is insured against default and the Effective Date is:

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1. on or after the third anniversary of the Interest Adjustment Date, an additional amount equivalent to three months' interest on the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

2. before the third anniversary of the Interest Adjustment Date, the Amendment Interest Rate Differential Amount, provided that the additional payment required by this subparagraph (b)(ii)B.2. shall not be less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

(iii) if the Term of the Mortgage is longer than five years and:

A. the Mortgage is not insured against default and the Effective Date is:

1. on or after the fifth anniversary of the Interest Adjustment Date, an additional amount equivalent to three months' interest on the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

2. before the fifth anniversary of the Interest Adjustment Date, the Amendment Interest Rate Differential Amount provided that the additional payment required by this subparagraph (b)(iii)A.2. shall not be less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

B. the Mortgage is insured against default and the Effective Date is:

1. on or after the third anniversary of the Interest Adjustment Date, an additional amount equivalent to three months' interest on the Actual Mortgage Rate on the principal amount outstanding on the Effective Date; or

2. before the third anniversary of the Interest Adjustment Date, the Amendment Interest Rate Differential Amount provided that the additional payment required by this subparagraph (b)(iii)B.2. shall not be less than an amount equivalent to three months' interest at the Actual Mortgage Rate on the principal amount outstanding on the Effective Date.

Despite the foregoing, the additional amount referred to in subparagraph (b) shall not be payable by the Mortgagor to the Mortgagee if the Mortgagor and the Mortgagee execute a mortgage amending agreement to amend the Mortgage to a limited prepayment fixed rate mortgage with an amended term and if the Mortgage had a term of six months immediately before such amendment.

11. **MORTGAGOR'S PORTABILITY OPTION**

At any time prior to the Maturity Date:

(a) the Mortgagor shall be entitled to request from the Mortgagee a new loan in any amount, which matures on the Maturity Date and which bears interest at a new rate (rounded up to the nearest 1/4 of 1% per annum) based on:

(i) the fixed interest rate specified by the Mortgage, on an amount up to and including the principal amount of the Mortgage outstanding on the date the new loan is advanced; and

(ii) the interest rate determined by the Mortgagee, on the amount of such new loan which exceeds the amount referred to in subparagraph (i),

repayment of such new loan to be secured by a first mortgage of the Mortgaged Land or, if the Mortgaged Land is sold and new property purchased by the Mortgagor, by a first mortgage of such new property; or

(b) any person to whom the Mortgagor sells the Mortgaged Land shall be entitled (with the prior written consent of the Mortgagor) to request from the Mortgagee a new loan

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which matures on the Maturity Date and which bears interest at the new rate referred to in subparagraph (a), repayment of such new loan to be secured by a first mortgage of the Mortgaged Land,

provided that only one of the Mortgagor and the person to whom the Mortgagor sells the Mortgaged Land shall be entitled to make such request, and provided the approval of any request and the conditions of any such approval shall be entirely at the discretion of the Mortgagee.

12. **BLEND AND EXTEND OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee:

(a) to extend the Term of the Mortgage to a term requested by the Mortgagor and satisfactory to the Mortgagee at an amended fixed interest rate determined by the Mortgagee provided that:

(i) the amended mortgage shall contain prepayment provisions similar to those set out in paragraph 5 hereof; and

(ii) the Mortgagor pays to the Mortgagee an amendment fee in an amount determined by the Mortgagee; or

(b) to lend an additional principal amount to the Mortgagor pursuant to a new mortgage of the Mortgaged Land to be granted by the Mortgagor to the Mortgagee, in form and substance and with priority satisfactory to the Mortgagee, with a term longer than the Term of the Mortgage at a fixed interest rate determined by the Mortgagee provided that the new mortgage contains prepayment provisions similar to those set out in paragraph 5 hereof.

The amended or new fixed interest rate shall be determined by the Mortgagee, in the Mortgagee's sole discretion, based on the existing interest rate in respect of the existing Term of the Mortgage and the Mortgagee's then current interest rate in respect of the amended term or new term requested by the Mortgagor. The approval of any such request and the conditions of any such approval shall be entirely at the discretion of the Mortgagee.

13. **RATE BUYDOWN OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee to amend the Mortgage to reduce the interest rate applicable to the Mortgage by not more than 3% per annum if the Term of the Mortgage is three years or longer, or by not more than 2% per annum if the Term of the Mortgage is shorter than three years, provided the Mortgagor pays to the Mortgagee an additional amount determined by the Mortgagee to compensate the Mortgagee for all loss of revenue suffered by the Mortgagee as a result of such reduced interest rate.

14. **DEFERRED PAYMENT OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee to permit the Mortgagor to defer payment of one or more consecutive instalments of principal and interest pursuant to the Mortgage for any reason satisfactory to the Mortgagee. If the Mortgagee grants such request, the Mortgagor shall pay interest on the amount of any such deferred instalment at the Actual Mortgage Rate, including interest on unpaid interest, until such deferred amount is fully paid. The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to prepay such deferred amount in whole or in part, without payment of any bonus. Such right is in addition to any other applicable voluntary prepayment right set out in the Mortgage.

15. **INTEREST RATE SHELTER OPTION FOR THREE YEAR TERMS**

The Mortgagor shall be entitled, at any time, when not in default under the Mortgage, to request from the Mortgagee an amendment agreement satisfactory to the Mortgagee, to amend the Term of the Mortgage (or any amended term of the Mortgage) to a three-year term and to amend the Actual Mortgage Rate to a fixed rate determined by the Mortgagee and applicable, on the date the Mortgagee receives such request, to residential, fixed rate first mortgage loans made by the Mortgagee with terms of three years commencing on such date and with prepayment provisions similar to those set out in paragraph 5 hereof, and to further amend the Actual Mortgage Rate:

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(a) as at the first day of the second year of such amended term of the Mortgage to the fixed rate determined by the Mortgagee and applicable to residential, fixed rate first mortgage loans made by the Mortgagee with terms of two years commencing on such day and with prepayment provisions similar to those set out in paragraph 5, provided the Mortgagor delivers to the Mortgagee, no later than seven days before such day, an amendment agreement in form and substance satisfactory to the Mortgagee; and

(b) as at the first day of the third year of such amended term of the Mortgage to the fixed rate determined by the Mortgagee and applicable to residential, fixed rate first mortgage loans made by the Mortgagee with terms of one year commencing on such day and with prepayment provisions similar to those set out in paragraph 5, whether or not the Actual Mortgage Rate was amended pursuant to subparagraph (a), provided the Mortgagor delivers to the Mortgagee, no later than seven days before such day, an amendment agreement in form and substance satisfactory to the Mortgagee.

If the Mortgagee agrees to the Mortgagor's request to amend the Term of the Mortgage (or any amended term of the Mortgage) to a three-year term, the Mortgagor shall pay to the Mortgagee the amendment fee referred to in subparagraph 10(a) and the applicable additional payment or amount referred to in subparagraph 10(b).

16. **UNDERTAKING NOT TO SUE MORTGAGOR AFTER APPROVED SALE OF MORTGAGED LAND**

The Mortgagor shall be entitled, when not in default under the Mortgage, upon the sale of the Mortgaged Land by the Mortgagor to a purchaser who is satisfactory to the Mortgagee (in the Mortgagee's sole discretion), to obtain from the Mortgagee an undertaking by the Mortgagee not to sue the Mortgagor pursuant to the Mortgage if the purchaser defaults or the purchaser's assigns default pursuant to the Mortgage after the completion of the sale of the Mortgaged Land to the purchaser. The purchaser shall be deemed not to be satisfactory to the Mortgagee unless and until the Mortgagee delivers such undertaking to the Mortgagor in writing.

17. **DISCRETION OF THE MORTGAGEE WHETHER TO GRANT REQUESTS AND AMENDMENT AGREEMENTS**

Despite any other provision of the Mortgage, the Mortgagee shall have no obligation to grant any request of the Mortgagor referred to in paragraphs 10, 11, 12, 13 , 14, 15 or 16 hereof. The Mortgagee shall be deemed not to have granted such request unless the Mortgagee delivers to the Mortgagor a written agreement satisfactory to the Mortgagee agreeing to such request or an amendment agreement which reflects such request. Whenever the Mortgage provides for an amendment agreement, such amendment agreement shall be in form and substance satisfactory to the Mortgagee, shall not be effective unless signed by the Mortgagor, the spouse of the Mortgagor, if applicable, and any Guarantor, and shall specify the date on which such amendment becomes effective. If the amendment agreement provides for the payment of an amendment fee, the Mortgagor shall pay such fee to the Mortgagee, in an amount satisfactory to the Mortgagee, at or before the time such amendment agreement is signed.

18. **PROVISIONS WHICH DO NOT APPLY IF THE MORTGAGED LAND IS NON-RESIDENTIAL MORTGAGED LAND**

Despite any other provision of the Mortgage, paragraphs 7, 9, 10, 11, 12, 13, 14, 15 and 16 hereof shall not apply to the Mortgage or the Mortgaged Land if the Mortgaged Land is Non-Residential Mortgaged Land.

19. **CONDOMINIUM PROVISIONS**

If the Mortgaged Land is a condominium unit or includes a condominium unit, the following provisions shall apply:

(a) the Mortgagor shall observe and perform each of the covenants and provisions required to be observed and performed pursuant to the Mortgage, the Condominium Act, all amendments thereto, all legislation passed in substitution therefor, and the declaration, by-laws and rules, as amended from time to time, of the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium unit charged by the Mortgage;

(b) the Mortgagor shall pay promptly when due any and all unpaid common expenses, common element expenses, assessments, levies, instalments, payments or any other

amounts due to the applicable condominium corporation or any agent thereof by the Mortgagor and, at the Mortgagee's request, deliver to the Mortgagee evidence of the payment thereof;

(c) upon Default herein and notwithstanding any other right or action of such condominium corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, levies, instalments, payments or any other amounts due to the Mortgagee or arising pursuant to this provision; and

(d) the Mortgagor hereby authorizes the Mortgagee to exercise the right of the Mortgagor as an owner of the Mortgaged Land to vote or to consent in all matters relating to the affairs of the condominium corporation or arising under the Condominium Act, the declaration or the by-laws of the condominium corporation, provided that:

(i) in any case where the Mortgagee is entitled under the Condominium Act to receive and does receive notice of a meeting of owners, the Mortgagee may notify the condominium corporation and the Mortgagor of its intention to exercise the right of the owner to vote or to consent at such meeting at least two days before the date specified in the notice for the meeting, failing which the Mortgagor may exercise such right to vote or consent at such meeting;

(ii) the Mortgagee shall not, by virtue of the giving to the Mortgagee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for any exercise or failure to exercise the right to vote or consent; and

(iii) nothing herein contained, including the exercise by the Mortgagee of the right to vote or consent, shall constitute the Mortgagee a mortgagee in possession.

20. **DEFAULT**

Despite any other provision of the Mortgage, upon the occurrence of a default in payment of any principal amount, interest or other amount payable pursuant to or in respect of the Mortgage, or upon the occurrence of a default by the Mortgagor pursuant to any provision of the Mortgage or any provision of a Prior Mortgage, or upon discovery by the Mortgagee that any covenant or representation contained in the Mortgage or in any loan or mortgage application made by the Mortgagor is breached or untrue, or upon the Mortgagor's permitting any buildings forming part of the Mortgaged Land to remain unfinished without any work being done thereon for ten days, or upon the expropriation of all or any part of the Mortgaged Land, or upon waste being committed or permitted on the Mortgaged Land (each of which events is referred to as a "Default"), all Debt shall, at the option of the Mortgagee, forthwith become due and payable, the Mortgagor shall forthwith pay all Debt to the Mortgagee, all the Mortgagee's rights and remedies pursuant to the Mortgage or otherwise available at law shall become exercisable and, without limitation to the foregoing, the following shall apply:

(a) The Mortgagee may, at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed any obligation of the Mortgagor in respect of the Mortgaged Land or the Mortgage.

(b) The Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon and take possession of the Mortgaged Land, the Mortgagee shall have quiet possession of the Mortgaged Land free of all encumbrances, and the Mortgagee may, after giving any notices required by law, make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements forming part of the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Land as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for any of such purposes, shall be forthwith payable to the Mortgagee, and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

(c) After any Default has continued for at least fifteen days, the Mortgagee may, on at least thirty-five days' notice sell the Mortgaged Land or any part or parts thereof.

(d) The following provisions shall apply, where applicable, with respect to the lease or sale of the Mortgaged Land by the Mortgagee:

(i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice of

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sale shall not be required by law or to the extent that any notice requirements shall not be applicable, notice may be effectually given by leaving it with a person on the Mortgaged Land, if occupied, or by placing the same on some portion thereof, if unoccupied, or at the option of the Mortgagee, by mailing it by registered mail addressed to the Mortgagor at the Mortgagor's last known address, or by publishing it once in a newspaper published in the area or region in which the Mortgaged Land is situated;

(ii) such notice of sale shall be sufficient although not addressed to any person or persons by name or designation, and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability;

(iii) sale of the Mortgaged Land may be by public auction or private sale or partly by one and partly by the other, for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale and stipulations as to title or evidence or commencement of title or otherwise as the Mortgagee in its discretion shall deem proper;

(iv) in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any moneys until such moneys are actually received by the Mortgagee;

(v) the Mortgagee may rescind or vary any contract of sale and may buy in and re-sell the Mortgaged Land or any part thereof without being answerable for any loss occasioned thereby;

(vi) the Mortgagee may sell all or any part of the buildings, fixtures, machinery, equipment, crops and standing or fallen trees or any severable part of the Mortgaged Land and the purchaser shall have all necessary access for severing, cutting and removal;

(vii) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety, and no lack of default, lack of notice or failure to comply with any requirement, and no irregularity or impropriety of any kind shall invalidate any sale or lease by the Mortgagee;

(viii) the Mortgagee may sell or lease without entering into actual possession of the Mortgaged Land but when it wishes to take possession it may break locks and bolts and while in possession shall only be accountable for moneys received by it;

(ix) subject to compliance with the Planning Act, and the Condominium Act if applicable, as each may be amended from time to time, sales may be made from time to time of any part or parts of the Mortgaged Land to satisfy any portion of the Debt, leaving the balance of the Debt secured by the Mortgage on the remainder of the Mortgaged Land, or the Mortgagee may take proceedings to sell and may sell the Mortgaged Land for part of any sums owing or in arrears subject to the balance of said sums not yet due at the time of the said sale;

(x) the Mortgagor hereby appoints the Mortgagee as the Mortgagor's true and lawful attorney and agent to make application under the Planning Act and to do all things and execute all documents to effectually complete any such sale or lease;

(xi) the Mortgagee may lease or take sale proceedings notwithstanding that other proceedings have been taken or are then pending;

(xii) the proceeds of any sale or lease shall be applied firstly in payment of any costs (including legal fees on a solicitor and his or her own client basis), expenses, commissions and fees which may be incurred in taking, recovering or keeping possession of the Mortgaged Land or in making sales, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the Mortgage (including sums which the Mortgagee has paid for Taxes, insurance, repairs, maintenance, common expenses and other amounts added thereto or payable by the Mortgagor to the condominium corporation if the Mortgaged Land is or includes a condominium unit); and thereafter to reduce the Debt in the manner determined by the Mortgagee and, for greater certainty, the Mortgagor shall continue to be liable for and shall pay to the Mortgagee all Debt which then remains unpaid;

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(xiii) the Mortgagee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by its wilful neglect or default; and

(xiv) no sale or other dealing by the Mortgagee with the Mortgaged Land or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the Debt.

Despite the foregoing power of sale, the Mortgagee shall be entitled to its right of foreclosure of the right of redemption of the Mortgagor as fully as if the power of sale were not contained herein.

(e) The Mortgagee may forthwith take such proceedings to realize on its security created by the Mortgage by foreclosing against the Mortgaged Land or by any other action or act to which it is entitled by law.

(f) The Mortgagee may distrain for payment of amounts owing under the Mortgage upon the Mortgaged Land or any part thereof and all chattels situated thereon and by distress warrant recover the same by way of rent reserved as in the case of demise of the Mortgaged Land and all costs, charges and expenses incurred by or on behalf of the Mortgagee with respect to or in connection therewith as in like cases of distress for rent. The Mortgagor waives the right to claim exceptions and agrees that the Mortgagee shall not be limited in the amount for which it may distrain.

(g) The taking of a judgment or judgments on any of the covenants herein or in the Mortgage contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest under the Mortgage at the Actual Mortgage Rate and the said judgment may provide at the option of the Mortgagee that interest thereunder shall be computed at the Actual Mortgage Rate until the said judgment shall have been fully paid and satisfied.

21. CERTAIN IMPLIED COVENANTS EXCLUDED

The covenants deemed by subsection 7(1) of the Act to be included in the Mortgage are expressly excluded from the Mortgage.

22. NATIONAL HOUSING ACT

If the Mortgage is insured by Canada Mortgage and Housing Corporation against default:

(a) the Mortgage is made pursuant to the National Housing Act ;

(b) if there is any conflict between any provision of the Mortgage and any requirement of the National Housing Act or the National Housing Loan Regulations, such latter requirement shall govern; and

(c) all requirements of the National Housing Act and the National Housing Loan Regulations are hereby incorporated herein.

23. MORTGAGE OF LEASEHOLD INTEREST

If the Mortgagor is not the owner of the Mortgaged Land in fee simple but is the owner of a leasehold interest in the Mortgaged Land as tenant, or as an assignee or successor of a tenant, pursuant to a lease referred to in the Mortgage, the following provisions shall apply:

(a) The Mortgagor represents and warrants the Mortgagee as follows:

(i) The lease is a good, valid and subsisting lease and has not been surrendered, forfeited or terminated or, except as specified in the Mortgage, amended, and the rents, covenants and provisions therein reserved and contained have been duly paid, performed and observed by the Mortgagor up to the date of the Mortgage.

(ii) The Mortgagor now has good right, full power and lawful and absolute authority to charge, mortgage, demise and sublet the Mortgaged Land in accordance with

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the Mortgage and any consent thereto required of the applicable landlord has been obtained.

(b) The Mortgagor agrees with the Mortgagee as follows:

(i) The Mortgagor shall at all times fully perform and comply with all the obligations of the Mortgagor under or with respect to the lease, or imposed on, assumed by or agreed to by the Mortgagor pursuant to any Other Claims and if the Mortgagor fails to do so, the Mortgagee may (but shall not be obliged to) take any action the Mortgagee deems necessary or desirable to prevent or to cure any default by the Mortgagor in the performance of or compliance with any such obligations. Upon receipt by the Mortgagee from the landlord, any prior encumbrancer, any claimant of any of the Other Claims or any other person of any written notice of default, the Mortgagee may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof may be questioned or denied by or on behalf of the Mortgagor and the Mortgagee shall have the absolute and immediate right to enter in and upon the Mortgaged Land or any part thereof to such extent and as often as the Mortgagee, in its sole discretion deems necessary or desirable, in order to prevent or to cure any such default. The Mortgagee may pay and expend such amounts as the Mortgagee in its sole discretion deems necessary for any such purpose, and the amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand, and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate from the date of each such payment.

(ii) If the Mortgage is outstanding at the expiration of the term of the lease and the Mortgagor refuses or neglects to exercise the Mortgagor's right, if any, to renew the lease or refuses to pay any fees, costs, charges or expenses payable upon any such renewal, the Mortgagee may effect any such renewal in the name of the Mortgagor or otherwise, and every such new or renewed lease shall remain and be mortgaged and charged pursuant to the Mortgage in accordance with the Mortgage.

(iii) From and after the execution and delivery of the Mortgage, the Mortgagor shall stand possessed of the Mortgaged Land for the residue of the term granted by the lease in trust for the Mortgagee, and shall assign and dispose thereof as the Mortgagee may direct, but subject to the Mortgagor's right of redemption under the Mortgage. The Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's substitute to be the Mortgagor's attorney for and on behalf of the Mortgagor to assign the lease and convey the leasehold interest in the Mortgaged Land and the said reversion as the Mortgagee shall at any time direct, and in particular, upon any sale made by the Mortgagee under any power of sale contained in the Mortgage or granted by statute to assign the lease and convey the Mortgager's leasehold interest in the Mortgaged Land and the reversion to a purchaser. This appointment is coupled with an interest and shall not be revoked by the Mortgagor. The Mortgagee may at any time remove the Mortgagor or any other person from being a trustee of the lease under the above declaration of trust and appoint a new trustee or trustees.

(iv) The Mortgagor shall not surrender, terminate, amend or modify the lease or agree to do so without the prior written consent of the Mortgagee, which the Mortgagee may withhold in its absolute discretion. No release or forbearance of any of the Mortgagor's obligations under the lease or under any prior encumbrance shall release the Mortgagor from any of the Mortgagor's obligations under the Mortgage.

(v) Unless the Mortgagee expressly consents in writing, the title in fee simple to the Mortgaged Land and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates by purchase or otherwise.

(c) Despite any other provision of the Mortgage, the last day of the term of the lease or any renewal thereof or any agreement therefor now held or hereafter acquired by the Mortgagor shall be excepted out of the mortgage, charge and demise contained in the Mortgage.

(d) Despite subparagraph 3(a) hereof and any other provision of the Mortgage, the Mortgagor mortgages and charges, by way of sublease, the Mortgagor's leasehold interest in the Mortgaged Land pursuant to the lease (including, without limitation,

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any right of renewal and any right to purchase the Mortgaged Land or any part thereof as set out in the lease), the mortgages and charges contained in the Mortgage shall be by way of sublease and the Mortgagee shall not have any obligation or liability to the landlord or any other person pursuant to or in respect of the lease.

(e) Wherever any reference is made in the Mortgage to any right of the Mortgagee to sell, transfer, assign, lease, sublease, alienate or otherwise deal with the Mortgaged Land, such reference shall be deemed to relate to the existing and future rights and interests of the Mortgagor in the Mortgaged Land pursuant to the lease. Each reference to the lease in the Mortgage shall include the lease, as amended or replaced from time to time.

24. ASSIGNMENT OF LEASES AND RENTS

If the Mortgagor or any predecessor of the Mortgagor grants or has granted any lease, tenancy agreement or other similar agreement of all or any part of the Mortgaged Land as landlord, the following provisions shall apply:

(a) The assignment of each of the foregoing and of each of the rents and other amounts by the Mortgagor to the Mortgagee pursuant to subparagraph 3(a) hereof shall be deemed to be a separate assignment so that the Mortgagee in its discretion may exercise its rights in respect of any or all of such leases, tenancy agreements or other similar agreements or the rents or other amounts paid or payable thereunder.

(b) Until a Default occurs the Mortgagor may collect, retain and apply all rents and other similar amounts and deal with all leases, tenancy agreements and other similar agreements from time to time in accordance with sound business practice.

(c) Nothing herein shall obligate the Mortgagee to assume or perform any obligation of the Mortgagor to any tenant or other person pursuant to or in respect of any lease, tenancy agreement, other similar agreement or otherwise and the Mortgagor hereby indemnifies and saves harmless the Mortgagee from any and all claims with respect thereto, provided that the Mortgagee may, at its sole option, assume or perform any such obligations as it considers necessary or desirable.

(d) The Mortgagee may, at any time without further request or agreement by the Mortgagor, reassign to the Mortgagor, or the Mortgagor's Successors or assigns, any or all of the foregoing.

(e) The Mortgagee's obligations with respect to any amount collected by the Mortgagee shall be discharged by the application of such amount to reduce the Debt.

(f) Nothing contained herein shall have the effect of making the Mortgagee a mortgagee in possession of the Mortgaged Land.

25. GUARANTEE

The following shall apply to each Guarantor:

(a) The Guarantor unconditionally guarantees to the Mortgagee payment when due of all Debt and the performance by the Mortgagor of each of the covenants, conditions, obligations and provisions to be observed or performed by the Mortgagor pursuant to the Mortgage. The guarantee is given by the Guarantor as principal debtor and not as surety and the Guarantor shall be liable to the Mortgagee in the same manner and to the same extent as if the Guarantor had executed the Mortgage as Mortgagor. The guarantee shall not be, nor be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment or reassignment of the Mortgage at any time and from time to time, by reason of any amendment or modification to the Mortgage, or by reason of the release or discharge of the Mortgagor in any creditor, receivership, bankruptcy, insolvency or other proceedings. In the event of any Default, the Guarantor waives any right to require the Mortgagee to proceed against the Mortgagor or to seek or exhaust the Mortgagee's rights, remedies or recourse against the Mortgagor, the Mortgaged Land, or any other person or security before proceeding against the Guarantor or obtaining payment from the Guarantor of all Debt. The Guarantor expressly waives the benefits of discussion and division and notice of Default. The Guarantor acknowledges that the Mortgage would not have been entered into by the Mortgagee without the guarantee. If the Mortgagor is a corporation, no change thereto or therein including any amalgamation with any other corporation, shall in any way affect the liability of the Guarantor either with respect to any part of the mortgage

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transaction occurring before or after any such change and the Mortgagee shall not be concerned to see or inquire into the powers of the Mortgagor or any of its directors or other agents, acting or purporting to act on its behalf and any amount borrowed or obtained from the Mortgagee in professed exercise of such powers, shall be deemed to form part of the Debt hereby guaranteed, notwithstanding that such borrowing or obtaining of advances shall be in excess of the powers of such corporate Mortgagor or of its directors or other agents as aforesaid, or be in any way irregular, defective or informal. The Mortgagee, without exonerating the Guarantor in whole or in part may, without the Guarantor's consent, grant time, renewals, extensions, indulgences, releases and discharges to, may take securities (including the Mortgage) from, and may give the same and any and all existing securities up to, may abstain from taking securities from or perfecting securities (including the Mortgage) of, may accept compositions from, or may otherwise deal with the Mortgagor and all other persons (including any other guarantor or Guarantor) and securities, as the Mortgagee may see fit, and all dividends, compositions and amounts received by the Mortgagee from the Mortgagor or from any other person or estate capable of being applied by the Mortgagee in reduction of the Debt hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Mortgagee shall be entitled to prove against the estate of the Mortgagor upon any insolvency or winding up in respect of the whole of the Debt, and the Guarantor shall have no right to be subrogated to the Mortgagee in respect of any such proof or otherwise until the Mortgagee shall have received from such estate or the Guarantor payment in full of all amounts then owing to the Mortgagee. The Guarantor acknowledges that the guarantee has been delivered free of any conditions and that no representations or warranties have been made to the Guarantor affecting the Guarantor's liability under the guarantee or otherwise. The guarantee is in addition to and not in substitution for any other guarantee or guarantees now or hereafter held by the Mortgagee. The guarantee shall remain in full force and effect until all Debt has been indefeasibly paid in full and until the Mortgagee has delivered a written release to the Guarantor. The Guarantor shall, on demand by the Mortgagee, reimburse the Mortgagee for all costs incurred by the Mortgagee in enforcing the guarantee and the other provisions of the Mortgage.

(b) Whenever the guarantee is given by more than one person, all covenants, liabilities and obligations of the Guarantor shall be joint and several. The obligations of the Guarantor shall be binding on the Guarantor and the Guarantor's Successors and may be enforced by the Mortgagee or by a successor or assignee of the Mortgagee, whether or not any notice is given of such assignment.

26. GOVERNING LAW

This set of standard charge terms and the Mortgage shall be governed by the laws of Ontario.

27. TITLES AND MARGINAL NOTES

Titles and marginal notes in this set of standard charge terms and in any Schedule or Schedules to the Mortgage are inserted for convenience of reference only and shall not affect or modify the interpretation or construction of the Mortgage, this set of standard charge terms or any provision of either.

28. MISCELLANEOUS

Whenever a Mortgage is made or assumed by more than one person, all such persons shall be jointly and severally liable for all covenants, liabilities and obligations contained therein unless the Mortgage otherwise specifies. The covenants, liabilities and obligations of the enforced by the Mortgagee or by a successor or assignee of the Mortgagee. Where the context so requires, words in the singular shall include the plural, words in the plural shall include the singular and words importing the masculine gender shall include the feminine and neuter genders. Time shall be of the essence of the Mortgage. To the extent permitted by law, all provisions of the Mortgage shall have effect notwithstanding any statute to the contrary. The rights granted to the Mortgagee by the Mortgage shall be in addition to all other rights available to the Mortgagee by statute or other law. If any provision of the Mortgage is found

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by a Court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall not apply and the Mortgage shall remain in full force and effect without such provision.

Dated the 25th day of February, 1999.

BANK OF MONTREAL
By:

Signature of authorized signing officer

Assistant Secretary

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Filing No. 995

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 996 Cote
Filing Date 11 MAY 1999 Date de Dépôt
Page 1 of/de 12 (TWELVE) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

revapr27/99

Fixed Rate Charge/Mortgage
(Land Titles Act and Registry Act)

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS NO.

Filed by: Mennonite Savings and Credit Union (Ontario) Limited

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number , as provided in section 9 of the Act.

1. DEFINITIONS

All words used in this Set of Standard Charge Terms for which an interpretation is provided in Section 1 of the Land Registration Reform Act, (the "Act"), shall have the meaning assigned to them by Section 1 of the Act except for the words specifically interpreted in this Section. Any reference to signing the mortgage means signing Form 2 or a schedule to it.

(a) **"box"** refers to a box, designated by its individual number, on Form 2 and to anything set out in a Schedule which deals with any box by its individual number;

(b) **" charge"** means a charge on land given for the purpose of securing the payment of the loan amount or the performance of an obligation, and includes a charge under the Land Titles Act and a mortgage ;

(c) **"costs"**means the fees, costs, charges and expenses of MSCU as set out within these terms;

(d) **"interest rate "** means the interest rate set out in this Charge ;

(e) **"loan amount"** means the outstanding balance of all amounts (including interest) owing to MSCU from time to time under the mortgage, as amended from time to time;

(f) **"mortgage"**means the Charge/Mortgage of Land (Form 2), any Schedules attached to it, any renewal, extension, amendment or replacement of it, and this set of Standard Charge Terms;

(g) **"principal amount"** means the amount specified in box 4;

(h) **"property"** means the lands described in box 5, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements;

(i) **"taxes"** shall have the meaning as used in paragraph 6;

(j) **"these terms"** means this Set of Standard Charge Terms;

(k) **"we","our"** and **"us"** means MENNONITE SAVINGS AND CREDIT UNION (ONTARIO) LIMITED (referred to as "MSCU");

(l) **"year of the term of the mortgage "** means a twelve month period starting on the Interest Adjustment Date ("IAD") or an anniversary of that date;

(m) **"you"** and **"your"**means each person who has signed the mortgage as Chargor;

2. WHAT THE MORTGAGE DOES

A. Charge of Your Property

In return for our making a loan to you in the loan amount (which, by signing the mortgage, you acknowledge having received from us), you:

(a) if you are the owner of your property, charge your property to us and our successors and assigns (called our legal representatives);

or

(b) if you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

B. Termination of the Mortgage:

Our interest in the property terminates when you have:

(a) repaid the loan amount (including interest) as provided in the mortgage; and

(b) complied with all of your other obligations under the mortgage.

C. Sale or Transfer of the Property

At our option , all of the loan amount secured by the mortgage will immediately become payable to us if you sell or transfer the property. If we do not require you to pay us the loan amount secured under the mortgage upon such a sale or transfer , your continued liability and responsibilities under the mortgage and our rights against you or anyone else who is liable for the payment of the loan amount shall not be affected.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is specified in box 9(b). Interest is calculated half-yearly not in advance. The first half-yearly calculation of interest after the interest adjustment date specified in box 9(d) shall be for the six month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall continue to be made every six months after that. Interest is payable on the loan amount at this rate both before and after the final payment date as well as both before and after default and judgment. until the loan amount has been paid in full.

B. Compound Interest

If on any loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called compound interest. Compound interest shall be paid on your loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Place of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular loan payments and all other payments will be made at the Branch address set out in box 15, or at any other place we may designate, and are payable as follows.

B. Interest Payable Prior to and on Interest Adjustment Date

Before your regular loan payments begin you will pay us interest, at the rate payable on the loan amount, on all money we have advanced to you up to the interest adjustment date or, at our option, such interest will be deducted from subsequent advances. Interest will be computed from the date of each advance and will become due and payable on the scheduled instalment payment dates. The balance, if any, of interest on such advances (computed by excluding the interest adjustment date from the calculation) shall become due and be paid on the interest adjustment date.

C. Payments after the Interest Adjustment Date

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular loan payments according to the frequency selected by you and set out in box 9(e).

You will make your regular loan payments to us in equal instalments in the amount specified in box 9(h) beginning on the date specified in box 9(f) and continuing according to the frequency selected by yourself and specified in box 9(e) and ending on the date specified in box 9(g). Each date that you are required to make a loan payment is called a loan payment date. Each loan payment consists of a portion of the principal amount together with the interest due and payable on the loan payment date.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date specified in box 9(i) (which is the same as the date specified in box 9(g) and is called the last payment date).

The principal amount is stated in box 4 and box 9(a) and interest is payable on it at the same rate and calculated in the same manner as interest is payable on the loan amount.

D. Interest After Maturity

If the mortgage has not been renewed by you before the balance due date specified in box 9(i) interest will then be payable at the one year open conventional mortgage interest rate . MSCU's one year open conventional mortgage interest rate is subject to change from time to time as decided by MSCU without notice to you .

E. Application of Loan Payments

Each loan payment will be used: first, to pay interest due and payable and next, to reduce the principal amount

F. Prepayments For Closed Mortgages

During **each year of the term of the mortgage** you may (provided you have complied with all of your obligations under the mortgage)

(a) make **ONE** lump sum payment of not more than **TWENTY percent (20%)** of the principal amount then outstanding on the mortgage , and/or

(b) once in each such year, increase the amount of your regular payment by up to TWENTY percent (20%) of the original amount of such payment as established in box 9(h).

You may not, in any such year prepay more than 20% of the principal amount then outstanding or increase your regular payment by more than 20% whether or not you prepaid less than 20% or increased a regular payment by less than 20% in previous years. A Closed mortgage shall be specified as such in Box 10. If Box 10 does not state whether the mortgage is Closed or Open then the mortgage shall be Closed.

G. Prepayments For Open Mortgages

You may at any time during the term of an Open mortgage prepay all or any part of the principal amount then outstanding on the mortgage . An Open mortgage shall be specified as such in Box 10.

H. Weekly, Bi-weekly or Semi-monthly Payments

We agree that instead of paying a regular monthly instalment, you may, on written notice to us select one of the following payment options:

(a) **Weekly Payments** equal to the regular monthly instalment stated in box 9(h) multiplied by 12 with the result then divided by 52 , payable on a date that is not later than the 7th day after the final advance of the principal amount and on every 7th day thereafter; or

(b) **Bi-weekly Payments** equal to the regular monthly instalment stated in box 9(h) multiplied by 12 with the result then divided by 26 , payable on the 14th day after the final advance of the principal amount and on every 14th day thereafter; or

(c) **Semi-monthly Payments** equal to ½ of the regular monthly instalment stated in box 9(h) , payable on the 15th day and the last day of each month beginning with the first such day after the final advance of the principal amount,

until the balance of the principal amount and accrued interest become due and payable.

However, if at any time your payments are in arrears in an amount which equals or exceeds the regular monthly instalment stated in box 9(h), this privilege of making payments weekly, bi-weekly or semi-monthly will, at the option of us cease to apply and you must pay the regular monthly instalment stated in box 9(h) on the regular monthly instalment date stated in box 9(e) until the balance of the principal amount and accrued interest become due and payable.

5. MORTGAGE PORTABILITY

If you pay off the mortgage in full in connection with a genuine sale of the property to a person with whom you deal at arm's length (referred to as the "sale transaction") , and complete the purchase of a new residence, prior to the completion date of the sale transaction , MSCU will, on application by you but subject to (c) below, provide financing for the purchase of your new residence on the security of a mortgage (the "new mortgage") on such residence, on the following basis:

(a) if the amount to be advanced under the new mortgage (the "new principal") does not exceed the balance of the principal amount outstanding under the mortgage immediately before the mortgage was paid off (the "Portable Amount"), then, for the period during which the Portable Amount would have been payable in regular instalments if the mortgage had not been paid off, interest will be payable under the new mortgage at the last rate at which interest was payable under the mortgage and, at the end of such period, the balance of the Portable Amount then outstanding will become payable on demand and will bear interest at the rate determined in accordance with paragraph 4 under the heading "Interest after Maturity";

(b) if the new principal exceeds the Portable Amount, then at the time you apply for the new mortgage, a blended rate and term will be determined using MSCU's then current procedure for blended rate and term financing;

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 996 Date

(c) MSCU's then current policies, procedures and documentation will apply to the new mortgage (including its terms) and your application for it and, in particular, MSCU's obligation to provide mortgage financing will be subject to your application meeting its approval criteria in effect at the time you make the application and you must pay MSCU's then standard processing fees, all legal and appraisal fees, and all other expenses incurred in connection with the new mortgage.

6. YOUR TITLE TO THE PROPERTY

You certify that you own the property that is subject to the mortgage. You also certify that there are no restrictions, limitations or encumbrances on your title to the property or on your ability to charge the property to us, except for those that are properly registered in the land registry office or land titles office where your title is registered.

You promise not to do anything that will interfere with our charge upon your interest in the property and you agree to sign any other documents which we think are necessary to charge to us your interest in the property.

7. YOUR RESPONSIBILITIES

A. Payment

You agree to pay us the loan amount as specified elsewhere in these terms and in the mortgage and to comply with all your other obligations under this mortgage or under any other agreement to which you and we are parties.

B. Insurance

(a) You must insure and keep insured, the property for not less than the full replacement cost in Canadian dollars until the mortgage has been discharged. The risk against which you must insure will include loss or damage by or from fire with extended perils coverage and such additional perils, risks or events which MSCU at any time may require. Insurance must be provided by a company approved by us. The insurance must be in a form satisfactory to us and must include a mortgage clause stating that loss is payable to us.You shall, at our request, transfer to us all insurance policies and receipts you have on the property and any proceeds from that insurance. If you do not:

(i) maintain insurance on the buildings that in our opinion comply with this paragraph;
(ii) deliver a copy of any insurance policy or receipt to us at our request; or
(iii) provide us with evidence at our request, of any renewal or replacement of the insurance at least 15 full days before your insurance expires or is terminated,

we can, but are not obligated to, insure any of the buildings. The cost of this insurance shall be added to the amount that you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment.

If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will carry out all acts necessary to enable us to obtain the payment of insurance proceeds in such circumstances. The production of the mortgage will be sufficient authority for the insurance company to pay any loss to us, or to take instructions from us dealing with such loss.

The insurance proceeds may, in whole or in part be:

(i) used to repair or rebuild the property;

(ii) paid to you; and/or
(iii) at our sole discretion ,used to reduce any part of the loan amount whether now due or not yet due.

C. Taxes/Encumbrances/Charges

(i) You agree to pay all taxes charged against the property when they are due. If we request it, you will give us a receipt showing that your taxes have been paid within 10 days. You also agree to pay all charges, mortgages, liens and other encumbrances against the property when they are due. If you do not pay any taxes, charges, mortgages, liens or other encumbrances when they are due, we may pay them and charge that cost to you as an additional amount secured under the mortgage.

(ii) In consideration of us giving you this mortgage, you agree to pay to us our usual or reasonable charges for administration expenses arising by reason of the late or non-payment of the loan amount secured by this mortgage or by any other agreement evidencing or securing the loan amount. If you do not pay these costs we may charge them to you as an additional amount secured under the mortgage and charge interest on such at the rate specified in the mortgage.

D. Keeping the property in good condition

You agree to keep the property in good condition and to make any repairs that are needed. You also agree not to do anything that lowers the value of the property. We can inspect the property at any reasonable time.

If you don't keep the property in good condition, or if you do anything that lowers the value of the property, we can make any needed repairs.

You will pay us for the cost of any inspection or repairs that we make of or to the property, and if you do not, those costs may be charged to you as an additional amount secured by the mortgage.

E. Repair or Construction of Buildings

Expressions in this paragraph have the same meanings as in the Construction Lien Act as amended or re-enacted; **improvement** includes construction, alteration, repair and demolition. If any improvement is made to the property you must inform us in writing immediately if it has started and otherwise before it is started. You agree that any improvement to the property will occur only according to contracts, plans and specifications approved in writing by us in advance. You must complete any improvement to the property as quickly as possible and in accordance with all governmental requirements and building standards that apply to your property. You must comply with all of your legal obligations as to payment of the price for any improvement to the property and provide us with proof of compliance when we ask for it; we may withhold any advance until we are satisfied that you have complied. If you fail to comply with any of your obligations to us under the mortgage, we may obtain an order vacating any construction lien, or obtain or provide a financial guarantee bond or other security, if we consider that necessary to facilitate enforcement of the mortgage, and we may charge our expenses of doing so to you as an additional amount secured under the mortgage. Those expenses will include our charges for providing a bond or security if we provide it. You authorize us to provide information about the mortgage to any person claiming a construction lien on the property, as required by law.

F. Compliance With Laws

You agree to comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property

8. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent.

9. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

10. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

(a) you default in making any regular loan payment, or any other payment you are obliged to make to us under the mortgage;

(b) you fail to comply with any of your other obligations under the mortgage;

(c) any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances;

(d) your property is abandoned;

(e) any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

11. TRANSFER OF LEASES AND RENTS

If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

(a) all leases, lease agreements and their renewals;

(b) all rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and

(c) all rights under the leases and agreements as they affect your property.

In addition, you confirm that:

(a) you must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);

(b) nothing we do under this paragraph 10 shall put us in possession of your property;

(c) however, if you default under the mortgage, we have the right to take possession of your property; and

(d) we are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

(a) **Sue you** - We may take such action as is necessary to obtain payment of the loan amount.

(b) **Foreclose or sell your property** - We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(c) **Power of sale** - If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

(i) take possession of it;

(ii) sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

(iii) lease it on such terms and for whatever period we may decide upon; or

(iv) take any other remedy available to us under Ontario law;

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

(a) personal service at your last known address;

(b) registered mail at your last known address;

(c) publication in a newspaper published in the county or district where your property is located;

(d) leaving it with an adult on your property; or

(e) posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment

If you default in any obligation under the mortgage (including any default referred to in paragraph

A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

(a) inspect, lease, collect rents or manage your property;

(b) repair or put in order any building on your property; or

(c) complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only)

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere

You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses

You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession of your property, an allowance for the time and services of MSCU's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage. If such expenses remain unpaid then you agree that the expenses shall be added to the loan amount with interest charged at the rate required by the mortgage .If such expenses remain unpaid then such expenses shall be added to the loan amount with interest charged at the rate specified in the mortgage.

F. Judgements

If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

13. DELAY IN ENFORCEMENT OF OUR RIGHTS

We can delay enforcing any of our rights under the mortgage or any other agreement to which you and we are parties to recover the loan amount without losing those rights and we can release others from their obligations under the mortgage or any other agreement to which you and we are parties without releasing you or affecting our right to recover the loan amount from you.

14. BUILDING MORTGAGES

If you make any improvement to the property, whether financed by us or not, we may require you to submit any contracts, plans and specifications to us for our approval before the commencement of the work. We may withhold any advances until we are satisfied that you have complied with all your legal obligations as to the payment of the price for any improvement to the property.

Whether or not you use money advanced to you for an improvement to the property, we may retain funds or require that funds be retained by someone else (for example, a lawyer), from any advance we make to you until we are completely satisfied that the holdback provisions of the Construction Lien Act (as it is amended or replaced from time to time) have been fully complied with.

We may obtain a court order removing any construction lien or obtain or provide a financial guarantee bond or other security and you will pay us for any costs that we incur in doing this and, if you do not, those costs may be charged to you as an additional amount secured by the mortgage. Those costs will include our charges for providing a bond or security if we provide it.

15. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

16. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

17. DISCHARGE

When our interest in your property comes to an end, we will prepare for you **UPON YOUR REQUEST either** a full discharge of our claim (which is called a Discharge of Charge/Mortgage) **or,** an assignment of the mortgage. You will give us a reasonable time in which to prepare and sign either the discharge or the assignment and you will pay our usual administrative fee for preparing, reviewing or signing either document and all legal and other expenses we incur in so doing. You will be advised if you are responsible for registering and for the costs of registering any discharge or assignment.

18. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

19. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

20. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7(1) of the Land Registration Reform Act, R.S.O.1990, as amended or re-enacted, are excluded from the mortgage.

21. GUARANTEE

In this paragraph 21, guarantor means each person who signs the mortgage as guarantor. Chargor means the person or persons who sign the mortgage as chargor and property means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

(a) grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;

(b) increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;

(c) release the whole or any part of the property from the mortgage or any other security;

(d) otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;

(e) waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

22. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us.

The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults. The receiver has the right to:

(a) use any available remedy (taken in your name or our name) to collect the income from your property;

(b) take possession of your property or part of it; and

(c) manage your property and maintain it in good condition.

From the income collected the receiver may:

(a) retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer;

(b) retain enough money to pay disbursements spent on collecting the income;

(c) pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges;

(d) pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

23. UREA FORMALDEHYDE FOAM INSULATION AND HAZARDOUS SUBSTANCES

You agree that the property does not and has never contained urea formaldehyde foam insulation, asbestos fireproofing, asbestos insulation, poly-chlorinated biphenyls or any other hazardous substance as defined within provincial legislation. In the event that the property contains any of such substances, or if any of such substances are installed on the property while the mortgage is outstanding, then the charge shall be deemed to be in default and the rights contained elsewhere in these terms may be used by us.

Dated the 27th day of April, 1999.

Mennonite Savings and Credit Union (Ontario) Limited

Per:_____
Elaine Shantz-Operations Manager

Per:_____
David B. Martin-Manager Personal Lending

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 996 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 997 Cote
Filing Date 11 MAY 1999 Date de Dépôt
Page 1 of de 11 (ELEVEN) Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

revapr27/99

Collateral Charge/Mortgage
(Land Titles Act and Registry Act)

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS NO.

Filed by: Mennonite Savings and Credit Union (Ontario) Limited

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number , as provided in section 9 of the Act.

1. DEFINITIONS

All words used in this Set of Standard Charge Terms for which an interpretation is provided in Section 1 of the Land Registration Reform Act, (the "Act"), shall have the meaning assigned to them by Section 1 of the Act except for the words specifically interpreted in this Section. Any reference to signing the mortgage means signing Form 2 or a schedule to it.

(a) **"box"** refers to a box, designated by its individual number, on Form 2 and to anything set out in a Schedule which deals with any box by its individual number;

(b) **" Charge"** means a charge on land given for the purpose of securing the payment of the loan amount or the performance of an obligation, and includes a charge under the Land Titles Act and a mortgage ;

(c) **"costs"** means the fees, costs, charges and expenses of MSCU as set out within these terms;

(d) **"interest rate "** means the interest rate set out in the Schedule to this Charge ;

(e) **"loan amount"** means all obligations, debts and liabilities (referred to in this paragraph and the charge as "Liabilities" or "Liability"), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed now or at any time in the future owing by you to MSCU or remaining unpaid by you to MSCU whether incurred previously or incurred in the future. Loan amount further includes Liabilities incurred by or arising from any other agreements or dealings between you and MSCU whether as principal or surety, whether alone or jointly with any other person and in whatever name, style or firm and whether arising from dealings between MSCU and yourself or from other dealings or proceedings by which MSCU may become a creditor of you . Loan amount further includes, without limitation:

(i) advances upon overdrawn accounts;
(ii) advances upon bills of exchange, promissory notes or other obligations discounted for you or otherwise;
(iii) all bills of exchange, promissory notes and other obligations negotiable or otherwise representing money and liabilities, or any portion thereof, now or hereafter owing or incurred from or by you;
(iv) all interest, damages and costs and all premiums of insurance upon the buildings, fixtures and improvements now or hereafter brought or erected upon the property which may be paid by MSCU.

(f) **"mortgage"** means the Charge/Mortgage of Land (Form 2), any Schedules attached to it, any renewal, extension, amendment or replacement of it, and this set of Standard Charge Terms;

(g) **"principal amount"** means the amount specified in box 4;

(h) **"property"** means the lands described in box 5, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements;

(i) **"taxes"** shall have the meaning as used in paragraph 4;

(j) **"these terms"** means this Set of Standard Charge Terms;

(k) **"we","our"** and **"us"** means MENNONITE SAVINGS AND CREDIT UNION (ONTARIO) LIMITED (referred to as "MSCU");

(l) **"you"** and **"your"**means each person who has signed the mortgage as Chargor;

2. WHAT THE MORTGAGE DOES

(a) The Security

In return for our making a loan to you in the loan amount (which, by signing the mortgage, you acknowledge having received from us), you:

(i) if you are the owner of your property, charge your property to us and our successors and assigns (called our legal representatives);

or

(ii) if you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

(b) Payment

You have at the request of MSCU agreed to give this Charge as continuing collateral security (referred to in this section as the "Security") for payment to MSCU of the loan amount. The amount of the Security shall be limited to the principal amount plus costs with interest on such amounts at the interest rate specified in the Charge. The Security is given for payment and satisfaction to MSCU of the loan amount .This security shall remain outstanding while any loan amount remains unpaid and whether the loan amount is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again .
Regardless of what is stated previously this Charge at any one time will secure only that portion of the principal amount of the Liabilities outstanding at such time which does not exceed the sum that is specified in Box 4 of the Charge together with any interest or compound interest accrued on the principal amount at such time at the rate set forth in the Charge.

(c) All Liabilities Secured by the Mortgage

You further agree that :

(i) no part of any Liabilities of yours to MSCU existing at the date of this Charge or incurred or arising thereafter, shall be deemed to be unsecured by this Charge;

(ii) this Charge is and shall be a continuing collateral security to MSCU for the amount of such Liabilities and interest as herein provided and shall be deemed to be taken as security for the ultimate balance of such Liabilities. The provisions of these standard charge terms shall not operate so as to create any merger or discharge of any debt owing to MSCU or of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by MSCU from you or from any other person or persons. This Charge shall not in any way prejudicially affect any security held or which may hereafter be held by MSCU for the Liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by MSCU for or on account of the Liabilities or any part or parts thereof, nor shall the remedies of MSCU in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this Charge;

(iii) all payments made in respect of the loan amount and interest and the moneys or other proceeds realized from the sale of any securities held by MSCU including this Charge may be applied and reapplied notwithstanding any previous application on such part or parts of such loan amount or interest as MSCU may see fit or may be held unappropriated in a separate collateral account for such time as MSCU may see fit;

(iv) MSCU may:

(1) grant time, renewals, extensions, indulgences, releases and discharges to;
(2) take securities and guarantees from and give the same and any and all existing securities and guarantees up to;
(3) abstain from taking securities or guarantees from or from perfecting securities or guarantees of;
(4) accept compositions from;
(5) adjust the interest rate on the loan amount with ;
(6) otherwise deal with

you and all other persons, securities and guarantees as MSCU may see fit without prejudicing the rights of MSCU under this Charge.

(d) Termination of the Mortgage:

The mortgage secures the loan amount which may include a line of credit or a running account as such terms are use by MSCU. Although the mortgage is not satisfied or discharged by any intermediate payment of all or part of the Liabilities secured but is a continuing security for payment of the loan amount, our interest in the property terminates when you have:

(i) repaid the loan amount (including interest) as provided in the mortgage; and

(ii) complied with all of your other obligations under the mortgage; and

(iii) we have signed and delivered to you a discharge of the mortgage .

(e) Sale or Transfer of the Property

At our option , all of the loan amount secured by the mortgage will immediately become payable to us if you sell or transfer the property. If we do not require you to pay us the loan amount secured under the mortgage upon such a sale or transfer , your continued liability and responsibilities under the mortgage and our rights against you or anyone else who is liable for the payment of the loan amount shall not be affected.

3. YOUR TITLE TO THE PROPERTY:

You certify that you own the property that is subject to the mortgage. You also certify that there are no restrictions, limitations or encumbrances on your title to the property or on your ability to charge the property to us, except for those that are properly registered in the land registry office or land titles office where your title is registered.

You promise not to do anything that will interfere with our charge upon your interest in the property and you agree to sign any other documents which we think are necessary to charge to us your interest in the property.

4. YOUR RESPONSIBILITIES

(a) Payment

You agree to pay us the loan amount as specified elsewhere in these terms and in the mortgage and to comply with all your other obligations under this mortgage or under any other agreement to which you and we are parties.You agree to pay the loan amount to MSCU without setoff or deduction ON DEMAND for payment UNLESS :

(i) there are specific dates for payment in the charge ; or

(ii) a written agreement between you and MSCU exists, in which case , you shall pay the applicable portion of the loan amount to MSCU on the dates specified in the written agreement and the remainder of the loan amount , if any , to MSCU upon the date specifed for payment within the written agreement.

(b) Insurance

You must insure and keep insured, the property for not less than the full replacement cost in Canadian dollars until the mortgage has been discharged. The risk against which you must insure will include loss or damage by or from fire with extended perils coverage and such additional perils, risks or events which MSCU at any time may require. Insurance must be provided by a company approved by us. The insurance must be in a form satisfactory to us and must include a mortgage clause stating that loss is payable to us.You shall, at our request, transfer to us all insurance policies and receipts you have on the property and any proceeds from that insurance. If you do not:

(i) maintain insurance on the buildings that in our opinion comply with this paragraph;
(ii) deliver a copy of any insurance policy or receipt to us at our request; or
(iii) provide us with evidence at our request, of any renewal or replacement of the insurance at least 15 full days before your insurance expires or is terminated,

we can, but are not obligated to, insure any of the buildings. The cost of this insurance shall be added to the amount that you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment.

If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will carry out all acts necessary to enable us to obtain the payment of insurance proceeds in such circumstances. The production of the mortgage will be sufficient authority for the insurance company to pay any loss to us, or to take instructions from us dealing with such loss.

The insurance proceeds may, in whole or in part be:

(i) used to repair or rebuild the property;
(ii) paid to you; and/or

(iii) at our sole discretion ,used to reduce any part of the loan amount whether now due or not yet due.

(c) Taxes/Encumbrances/Charges

You agree to pay all taxes charged against the property when they are due. If we request it, you will give us a receipt showing that your taxes have been paid within 10 days. You also agree to pay all charges, mortgages, liens and other encumbrances against the property when they are due. If you do not pay any taxes, charges, mortgages, liens or other encumbrances when they are due, we may pay them and charge that cost to you as an additional amount secured under the mortgage.

In consideration of us giving you this mortgage, you agree to pay to us our usual or reasonable charges for administration expenses arising by reason of the late or non-payment of the loan amount secured by this mortgage or by any other agreement evidencing or securing the loan amount. If you do not pay these costs we may charge them to you as an additional amount secured under the mortgage.

(d) Keeping the property in good condition

You agree to keep the property in good condition and to make any repairs that are needed. You also agree not to do anything that lowers the value of the property. We can inspect the property at any reasonable time.

If you don't keep the property in good condition, or if you do anything that lowers the value of the property, we can make any needed repairs.

You will pay us for the cost of any inspection or repairs that we make of or to the property, and if you do not, those costs may be charged to you as an additional amount secured by the mortgage.

(e) Repair or Construction of Buildings

Expressions in this paragraph have the same meanings as in the Construction Lien Act as amended or re-enacted; **improvement** includes construction, alteration, repair and demolition. If any improvement is made to the property you must inform us in writing immediately if it has started and otherwise before it is started. You agree that any improvement to the property will occur only according to contracts, plans and specifications approved in writing by us in advance. You must complete any improvement to the property as quickly as possible and in accordance with all governmental requirements and building standards that apply to your property. You must comply with all of your legal obligations as to payment of the price for any improvement to the property and provide us with proof of compliance when we ask for it; we may withhold any advance until we are satisfied that you have complied. If you fail to comply with any of your obligations to us under the mortgage, we may obtain an order vacating any construction lien, or obtain or provide a financial guarantee bond or other security, if we consider that necessary to facilitate enforcement of the mortgage, and we may charge our expenses of doing so to you as an additional amount secured under the mortgage. Those expenses will include our charges for providing a bond or security if we provide it. You authorize us to provide information about the mortgage to any person claiming a construction lien on the property, as required by law.

(f) Compliance With Laws

You agree to comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

5. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

(a) **Sue you** - We may take such action as is necessary to obtain payment of the loan amount.

(b) **Foreclose or sell your property** - We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(c) **Power of sale** - If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

(i) take possession of it;

(ii) sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

(iii) lease it on such terms and for whatever period we may decide upon; or

(iv) take any other remedy available to us under Ontario law.

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

(a) personal service at your last known address;

(b) registered mail at your last known address;

(c) publication in a newspaper published in the county or district where your property is located;

(d) leaving it with an adult on your property; or

(e) posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment

If you default in any obligation under the mortgage (including any default referred to in paragraph A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

(a) inspect, lease, collect rents or manage your property;

(b) repair or put in order any building on your property; or

(c) complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only)

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere

You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses

You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession of your property, an allowance for the time and services of MSCU's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage. If such expenses remain unpaid then such expenses shall be added to the loan amount with interest charged at the rate specified in the mortgage.

F. Judgments

If we obtain a court judgment against you for your failure to comply with any of your obligations to us under the mortgage, the judgment will not result in a merger of the terms of the judgment with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

G. Appointment of a Receiver

We may appoint in writing a receiver (or receiver and manager), on any terms (including remuneration) that we think are reasonable, to collect any income from the property. We may make the appointment even if we have taken possession of the property. We may also, in writing, remove a receiver appointed by us and appoint a new receiver. The receiver is considered to be

your agent and not ours. The receiver's defaults are considered your defaults and not ours. Nothing done by the receiver puts us in possession of the property or makes us accountable for any money except money we actually receive.

The receiver has the right to use any legal remedy (taken in your name or our name):

(i) to collect the income from the property;

(ii) take possession of the property or part of it;

(iii) manage the property and any business conducted on the property and maintain the property in good condition;

(iv) lease the property or any part of it;

(v) enforce any of our other rights under the mortgage which we delegate to him; and

(vi) borrow money on the security of the property in priority to the mortgage for these purposes.

From the income collected the receiver will pay all rents , taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own charges as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

6. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

(a) you default in making any regular loan payment, or any other payment you are obliged to make to us under the mortgage.

(b) you fail to comply with any of your other obligations under the mortgage.

(c) any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

(d) your property is abandoned.

(e) any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

7. TRANSFER OF LEASES AND RENTS

If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

(a) all leases, lease agreements and their renewals;

(b) all rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and

(c) all rights under the leases and agreements as they affect your property.

In addition, you confirm that:

(a) you must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);

(b) nothing we do under this paragraph 10 shall put us in possession of your property;

(c) however, if you default under the mortgage, we have the right to take possession of your property; and

(d) we are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

8. USE OF PROCEEDS TO REDUCE LOAN AMOUNT

We may apply the proceeds we receive from enforcing our rights under the mortgage to reduce or repay any of the obligations secured in such manner as we may decide.

9. DELAY, RELEASES AND PARTIAL DISCHARGES

We may delay enforcing any of our rights under the mortgage or the loan amount secured or any agreement evidencing or securing the loan amount secured without losing or impairing those rights. We can waive any breach of your obligations under the mortgage or the loan amount secured or any agreement evidencing or securing the loan amount without losing our rights in respect of any breach of your obligations

We may release others on any terms from any liability to repay the loan amount without releasing you. We may on any terms discharge any part of the property from the mortgage and, if we do so, the remainder of the property not discharged will secure the total amount of the obligations secured.

10. DISCHARGE OF THE MORTGAGE

If you pay us the loan amount on our demand , we will sign a discharge of the mortgage .You will give us a reasonable time after payment in which to prepare and sign the discharge . You must pay our expenses of having it prepared and of signing it. You will be responsible to have the discharge registered and pay the cost of registration.

11 . OUR RESPONSIBILITY

We are not responsible for any loss arising in the course of our enforcing our rights under the mortgage unless it results from our wilful neglect or default.

12. HOW WE MAY MAKE DEMANDS OR GIVE NOTICES

Where the mortgage allows or requires us to make a demand on or give a notice to any person (including you), we may make the demand or give the notice by delivering it personally to the person (where the person is a corporation, by delivering it personally to a director, officer or employee of the corporation) or by mailing it by either prepaid registered mail or prepaid regular mail addressed to the person at the person's last known address.

A notice or demand so delivered will be regarded as given or made when it is so delivered to the person or to the director, officer or employee of the corporation. A notice or demand so mailed will be regarded as given or made on the day it is mailed, whether the person receives it or not.

13. WHO IS BOUND BY THE MORTGAGE

The mortgage will be binding on your legal or personal representatives and anyone else to whom your interest in the property is transferred. It will be binding on our legal representatives and anyone to whom it is transferred from us. All our rights under it may be enforced by anyone to whom it is transferred from us.

If more than one person signs the mortgage, each person is jointly and severally bound to comply with all obligations of the Chargor under the mortgage.

14. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7 (1) of the Land Registration Reform Act are excluded from the mortgage.

15. GUARANTEE

In this paragraph 15, guarantor means each person who signs the mortgage as guarantor. Chargor means the person or persons who sign the mortgage as chargor and property means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is,
jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

(a) grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;

(b) increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;

(c) release the whole or any part of the property from the mortgage or any other security;

(d) otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;

(e) waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

Dated the 27th day of April, 1999.

Mennonite Savings and Credit Union (Ontario) Limited

Per: _____
Elaine Shantz-Operations Manager

Per: _____
David B. Martin-Manager Personal Lending

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 997 Date

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS NO.

Filed by: CitiFinancial Canada, Inc.

The following set of Standard Charge Terms will be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 998 Code
Filing Date 26 MAY 1999 Date de Dépôt
Page 1 of/de 12 (TWELVE) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

ARTICLE 1: DEFINITIONS

1.01 DEFINITIONS

In the Charge:

"Act" means the *Land Registration Reform Act*, R.S.O. 1990, c. L. 4;

"Applicable Laws" means all applicable federal, provincial or municipal laws, statutes, regulations, by-laws, guide-lines, policies, restrictions, directives, rules, orders or requirements of any governmental authority having jurisdiction;

"Balance Due Date" means the date set out in Box (9)(i) of the Charge;

"Busines Day" means any day of the week except Saturday, Sunday or any statutory or civic holiday observed in the Province of Ontario;

"Charge" means the Charge/Mortgage of Land including all schedules, these standard charge terms and any confirming or amending agreements executed in writing by the parties to the Charge, whether registered or not;

"Chargee" means CitiFinancial Canada, Inc., or any other party in whose favour the Charge is given and who is named in Box (14) of the Charge;

"Chargor" means any person giving the Charge who has signed the Charge in Box (11) of the Charge;

"Collateral Loan" means any loan pursuant to a Credit Agreement including a Construction Loan or any such loan guaranteed by the Chargor and, in either case, collaterally secured by the Charge;

"Construction Loan" means a loan to be used to finance the construction of an Improvement;

"Conventional Loan" means any loan secured by the Charge which is not a Collateral Loan;

"Costs" means all fees, costs, charges and expenses of the Chargee in placing, monitoring, preserving, protecting or enforcing the security or the Charge, including for (1) preparing and registering the Charge and any other related documents; (2) collecting payments in default under the Charge (3) enforcing and realizing on the security granted in the Charge; (4) inspecting the Property; (5) repairing the Property; (6) securing, completing and equipping any Improvements on the Property; (7) obtaining any examination of the title or valuation of the Property or obtaining any environmental audits or reports of the Property; (8) complying with any Applicable Laws; (9) insuring the Property and reviewing or having reviewed any insurance policies on the Property; and (10) performing any of the Chargor's obligations under the Charge. Costs will also include legal costs incurred by the Chargee as between a solicitor and his own client for all services and advice in respect of the Charge, the Chargor and the Property, a proper allowance for the time, services and travelling expenses of any officer or employee of the Chargee, or of any person appointed by the Chargee, and any other costs or expenses of the Chargee arising from or relating to the Charge and any other costs specifically identified elsewhere in the Charge;

"Credit Agreement" means the agreement, if any, between the Chargor and/or the Guarantor and the Chargee setting out an arrangement by which the Chargee advances credit to the Chargor or the Guarantor including an agreement regarding the construction of Improvements (and including all promissory notes and other instruments of indebtedness related thereto) as amended, extended or supplemented from time to time;

"Default" means any of the events set out in Section 5.01;

"First Payment Date" means the date set out in Box (9)(f) of the Charge;

"Guarantee" means a guarantee in favour of the Chargee by the Chargor of the payment of the Indebtedness and the performance of the obligations of another person pursuant to a Credit Agreement.

"Guarantor" means any person who has signed the Charge as Guarantor;

"Improvements" means all buildings, structures, improvements or fixtures at any time located or to be constructed on the Property;

"Indebtedness" means:

(a) if the Charge secures a Conventional Loan, all moneys at any time owing by the Chargor to the Chargee pursuant to the Charge including the Principal, all interest, compound interest, Taxes, Costs and any other amounts that the Chargor is required to pay pursuant to the Charge or that the Chargee is permitted to pay pursuant to the Charge and recover from the Chargor;

(b) if the Charge secures a Collateral Loan or a Guarantee, all monies and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, at any time owing or incurred by the Chargor to the Chargee pursuant to the Credit Agreement or the Guarantee and all interest, compound interest, Taxes, Costs and any other amounts that the Chargor is required to pay pursuant to the Charge or that the Chargee is permitted to pay pursuant to the Charge and recover from the Chargor;

"Interest Adjustment Date" means the date set out in Box (9)(d) of the Charge;

"Interest Rate" means:

(a) if the Charge secures a Conventional Loan, the rate per annum set out in Box (9)(b) of the Charge, or in any schedule to the Charge, calculated and payable as set out in the Charge;

(b) if the Charge secures a Collateral Loan, the rate per annum set out in Box (9)(b) of the Charge or in any schedule to the Charge, or the rate per annum stipulated in the Credit Agreement, whichever is less;

"Principal" means all moneys advanced by the Chargee to the Chargor or for the Chargee's account pursuant to the Charge or the Credit Agreement outstanding from time to time;

"Property" means all or any part of the lands described in the Charge together with the Improvements; and

"Taxes" means all realty taxes, rates and assessments, municipal, local, parliamentary or otherwise respecting the Property.

If the Property is a condominium unit, the following definitions apply:

"Condominium Act" means the *Condominium Act*, R.S.O. 1990, c. C. 26;

"Condominium Corporation" means the condominium corporation which was created by the registration of the Declaration and the description relating thereto of which the Property constitutes a part;

"Common Expenses" means the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Declaration or the *Condominium Act;* and

"Declaration" means the declaration which, together with the description, was registered pursuant to the *Condominium Act* to create the Condominium Corporation.

If the Property is leasehold land, the following definition applies:

"Lease" means any lease granting the Chargor a leasehold interest in the Property.

ARTICLE 2: CHARGE OF PROPERTY

2.01 CHARGE ON THE PROPERTY

The Chargor charges the Property in favour of the Chargee as security for payment to the Chargee of the Indebtedness, and the performance of all other obligations of the Chargor in the Charge.

2.02 LEASEHOLD CHARGE ON THE PROPERTY

If the Property is leasehold, the Chargor hereby charges and subleases the Property to and in favour of the Chargee for and during the unexpired residue of the term of the Lease, except the last day of the term thereof, and all other estate, term, right of renewal and any other interest of the Chargor in the Property and the Lease, as security for payment to the Chargee of the Indebtedness, and the performance of all other obligations of the Chargor in the Charge.

ARTICLE 3: PAYMENT PROVISIONS

3.01 DEFEASANCE

The Charge ceases to operate when the Chargee has been paid the Indebtedness, the Chargor has performed the obligations secured by the Charge and the Credit Agreement is at an end.

3.02A PAYMENT PROVISIONS FOR CONVENTIONAL LOANS

The Chargor will pay the Indebtedness to the Chargee with interest at the Interest Rate (both before and after maturity, Default and judgment) as follows:

(a) interest on the Principal at the Interest Rate from the date of each advance until the Interest Adjustment Date will be due and paid in advance on the date of each advance;

(b) from and after the Interest Adjustment Date, the Principal and interest on the Principal at the Interest Rate computed from the Interest Adjustment Date will become due and be paid in instalments each in the amount set out in Box (9)(h) of the Charge on the same day of each and every month as the Interest Adjustment Date (and First Payment Date) in each and every year, the first of such payments to be paid on the First Payment Date (such instalments to be applied first in payment of interest at the Interest Rate on the Principal from time to time unpaid and the balance to be applied in reduction of the Principal) and the balance of the Principal with interest at the Interest Rate will become due and payable on the Balance Due Date;

(c) that part of the Indebtedness that is not Principal or interest on Principal will be payable on demand with interest thereon at the Interest Rate; and

(d) the balance of the Indebtedness then remaining together with any interest thereon at the Interest Rate will be paid on the Balance Due Date.

After a Default all moneys received by the Chargee may be applied on such part or parts of the Indebtedness then owing pursuant to the Charge as the Chargee in its sole discretion may determine.

3.02B PAYMENT PROVISIONS FOR COLLATERAL LOANS

(a) The Chargor will pay the Indebtedness to the Chargee with interest at the Interest Rate (both before and after maturity, Default and judgment) on demand. After a Default, all moneys received by the Chargee may be applied on such part or parts of the Indebtedness then owing pursuant to this Charge as the Chargee in its sole discretion may determine.

(b) If the Charge secures a current or running account the Charge will stand as a continuing security in favour of the Chargee for the payment of the Indebtedness notswithstanding any payments on account of the Indebtedness, subsequent increases in the Indebtedness or any fluctuations or changes in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the Indebtedness or the parties to the said bills, notes or obligations.

3.03 COMPOUND INTEREST

If the Chargor defaults in any monthly or other payment due pursuant to the Charge compound interest will be payable on the sum in arrears from time to time, both before and after maturity, Default and Judgment and the arrears of interest will bear interest at the Interest Rate. If the arrears and tile compound interest are not paid within one (1) month from the time of default a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, Default and judgment, and so on from time to time.

3.04 PAYMENT ONLY WHEN RECEIVED

All payments of the Indebtedness will be payable at par in Canadian dollars. Payment will not be deemed to have been made until the Chargee has actually received such money. The Chargor assumes all risk if payments are lost or delayed.

3.05 RECEIPT OF PAYMENT

Any payment received after 12:00 noon on any day will be deemed, for the purpose of calculation of interest, to have been made and received on the next Business Day and the Chargee will be entitled to interest at the Interest Rate on the amount of such payment to the next Business Day.

3.06 PRE-AUTHORIZED CHEQUING

The Chargor, on written request from the Chargee, will authorize payments pursuant to the Charge by pre-authorized chequing drawn by paper or electronic entry on an account maintained by the Chargor and will execute such written authorizations to the Chargor's banking or financial institution and provide such sample cheques as the Chargee may require.

3.07 DISHONOURED CHEQUES OR PAYMENTS

If any of the Chargor's cheques are not honoured when presented for payment or if a payment pre-authorized pursuant to Section 3.06 is not honoured, the Chargor will pay the Chargee a reasonable servicing fee for each such returned cheque or dishonoured payment to cover the Chargee's administration costs as permitted by applicable law. If any dishonoured cheque or payment is not immediately replaced by the Chargor, the Chargee may charge the Chargor a further reasonable servicing fee for each written request that is required because the Chargor has not replaced such dishonoured cheque or payment.

3.08 PREPAYMENT

Except as specifically set out in the Charge, the Chargor may not prepay all or any part of the Indebtedness.

A RTICLE 4: COVENANTS

4.01 STATUTORY COVENANTS

The covenants deemed to be included in a charge pursuant to subsection 7(1) of the Act are expressly incorporated in the Charge and any other covenants contained in the Charge are intended to supplement and not to derogate from the covenants set out in subsection 7(1) of the Act.

4.02 CHARGOR'S COVENANTS

In addition to the covenants deemed to be included in the Charge pursuant to subsection 7(1) of the Act, the Chargor covenants with the Chargee that:

(a) the Chargor will pay the Indebtedness and perform all of the Chargor's obligations contained in the Charge;

(b) covenant l.vii, deemed to be included in the Charge by subsection 7(1) of the Act, is expressly varied by providing that the Chargor will, before and after Default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required;

(c) if the loan is a Collateral Loan, the Chargor will perform all of the Chargor's obligations contained in the Credit Agreement and the Guarantee;

(d) the Chargor will keep in good standing all encumbrances on the Property which have priority to the Charge and not renew, amend or extend any without the Chargee's prior written consent, and

(e) the Chargor is not a farmer as that term is defined in the *Farm Debt Review Act* R.S.C. 1985 (2nd Suppl), c.25.

4.03 INSURANCE

(a) So long as there is any Indebtedness outstanding the Chargor will:

(i) insure the Improvements and keep them insured for their full replacement value. Such insurance will provide coverage against loss or damage from risks and perils usually covered in fire and extended perils insurance policies; and

(ii) obtain coverage for such other risks and perils as the Chargee, acting reasonably, may from time to time consider advisable and in respect of which insurance coverage is available.

(b) All insurance policies will contain deductible limits approved by the Chargee acting reasonably and will not contain any co-insurance requirements. The Chargee will be named as a mortgagee in all insurance policies. Each insurance policy will contain a standard mortgage clause acceptable to the Chargee acting reasonably and provide that the policy cannot expire, be amended or cancelled without thirty (30) days' prior written notice to the Chargee.

(c) The Chargor will ensure that all insurance policies are carried with companies approved by the Chargee acting reasonably. The Chargee may require any insurance with respect to the Property to be cancelled and new insurance to be placed with companies approved by the Chargee. If the Chargor fails to obtain and maintain any insurance required pursuant to the Charge, the Chargee will be entitled (but will not be obligated) to obtain such insurance as the Chargee deems proper and the Chargor will promptly repay to the Chargee all premiums paid by the Chargee for any such insurance.

(d) If any loss or damage occurs to any part of the Property, the Chargor will immediately notify the Chargee and furnish, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance proceeds.

(e) The Chargee will have a lien for the Indebtedness on all insurance proceeds payable pursuant to insurance policies whether or not effected in accordance with this section. The Chargee may elect to have the insurance monies applied towards reinstatement of the Improvements or towards repayment of the Indebtedness, whether due or not.

(f) The Chargor will immediately deliver to the Chargee the originals or certified copies of all insurance policies affecting the Improvements. The Chargor will provide to the Chargee at least thirty (30) days before the expiry of any insurance policy, evidence satisfactory to the Chargee acting reasonably that the insurance policy has been renewed or that a comparable new policy has been obtained. If the Chargor is in default pursuant to this section, the Chargee may, but will not be obligated to, place any insurance coverage required by this section and to charge the premium paid to the Chargor.

4.04 CONSTRUCTION, MAINTENANCE AND REPAIR

(a) The Chargor will keep the Property in good condition and repair. The Chargee may at any time in its sole discretion by its agents enter upon and inspect the Property. The Chargee may also enter upon the Property and make such repairs as it deems necessary and the Costs of such repairs will be payable immediately by the Chargor.

(b) Without limiting the foregoing, if the Chargee or its agents enter upon the Property and makes such repairs as the Chargee deems necessary, the Chargee will not thereby be deemed to be a mortgagee in possession.

(c) The Chargor will comply with all Applicable Laws relating to the condition, maintenance, use, occupation, construction, repair or alteration of the Property or any Improvement, including any parking requirements related to the Property. The Chargor will at its own expense promptly and in a good and workmanlike and timely manner make all improvements, alterations and repairs that may be required from time to time to effect such compliance or to complete such Improvement. The Chargor will advise the Chargee in writing of any such improvements, alterations and repairs and will obtain the Chargee's prior consent thereto in writing. All plans and drawings will be subject to the prior written approval of the Chargee acting reasonably and a copy of all contracts shall be provided to it. The Chargor will comply with the requirements of the *Construction Lien Act*, R.S.O. 1990 c.C.30.

(d) The Chargor will not make or permit to be made any alterations or additions to the Property, demolish any Improvements or part thereof, permit waste to be committed on any part of the Property, change the use of the Property or allow the Property to remain unoccupied or unused without the prior written consent of the Chargee acting reasonably.

(e) The Chargor covenants and warrants that the Improvements have not been or will not be insulated with urea formaldhyde foam insulation and that no contaminant or hazardous substance, including any "contaminant" as defined in the *Environmental Protection Act* (Ontario), exists or will be permitted to exist on the Property.

(f) No Improvements under construction or repair will remain unfinished nor shall work on them be suspended for a period of ten (10) consecutive days.

(g) All goods, chattels, equipment, machinery, appliances, plant, erections and improvements whatsoever, including elevating devices, furnaces, boilers, tanks, oil and gas burners, water heaters, fences, aerials or satellite dishes, water heaters, electric light fixtures, central vacuum system and attachments, alarm or security system, stoves, refrigerators, screen and storm doors and windows, window blinds and coverings, fitted blinds, shutters, awnings, wall to wall floor coverings, air conditioning, ventilating, cooling & heating equipment and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the Property and being the property of the Chargor shall for all purposes of this Charge be fixtures and form part of the Property whether or not affixed in law to the Property. None shall be removed, sold or disposed of by the Chargor without the prior written consent of the Chargee and no Notice of Security Interest shall be permitted to be registered against the Property.

4.05 TAXES

(a) The Chargor will pay all Taxes when due. Within one month after the date fixed for the payment of the last instalment of Taxes in each year, the Chargor will furnish the Chargee with receipted tax bills showing that all Taxes for the year have been paid.

(b) Notwithstanding anything contained in paragraph (a) of this section,

(i) the Chargee may deduct from the advances of Principal an amount sufficient to pay all Taxes which are due and owing or which will become due during the calendar year in which any advance of Principal is made;

(ii) after the Interest Adjustment Date, the Chargor, if requested by the Chargee, will pay to the Chargee in monthly instalments on the first day of each month such amounts as in the opinion of the Chargee acting reasonably are required to pay each succeeding year's Taxes by the time such Taxes, or the first instalment, fall due. The Chargor will also pay to the Chargee on demand before the due date of each year's Taxes, or the first instalment, any additional amount which may be required so that out of the said monthly and additional tax payments the Chargee may pay the whole amount of each year's Taxes on or before the due date of the first instalment;

(iii) the Chargee will not be obligated to pay any interest or other allowance upon any amounts deducted by or paid to the Chargee pursuant to this section; and

(iv) if at any time the monies held by the Chargee on account of payment of the Taxes pursuant to the Charge are insufficient to pay the Taxes then due, the Chargee may, at its option, pay such Taxes, including any deficiency; any deficiency paid by the Chargee in payment of such Taxes will be payable by the Chargor together with interest thereon at the Interest Rate from the date of payment.

(c) The Chargor will forward to the Chargee copies of all assessment notices, tax bills and other notices affecting the imposition of Taxes as soon as the Chargor receives them.

4.06 CONDOMINIUM COVENANTS

If the Property consists of one or more condominium units:

(a) the Chargor will promptly observe and perform all obligations imposed on the Chargor by the *Condominium Act* and by the Declaration, the by-laws and the rules of the Condominium Corporation, as amended from time to time;

(b) without in any way limiting or restricting the generality of the foregoing:

(i) the Chargor will pay promptly when due any contributions to Common Expenses required of the Chargor as an owner of the Property;

(ii) the Chargor will transmit to the Chargee immediately upon the demand of the Chargee satisfactory proof that all Common Expenses assessed against or in respect of the Property have been paid;

(iii) the Chargee may pay out of any advance of the Principal all contributions to the Common Expenses assessed against or in respect of the Property which are due and unpaid at the date of such advance; and

(iv) whenever and so long as the Chargee so requires, the Chargor will, on or before the date when any sum becomes payable by the Chargor in respect of Common Expenses, pay such sum to the Chargee. The Chargee will immediately on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct;

(v) the Chargor shall seek compliance by the Condominium Corporation with the requirements of Section 4.03 hereof except as may necessarily be limited or varied to conform with the provisions of the *Condominium* Act; and

(c) the Chargee is irrevocably authorized to exercise the right of the Chargor to vote or consent respecting all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargor will be entitled to exercise the right to vote or consent unless the Chargee gives notice of its intention to exercise such rights to the Chargor and to the Condominium Corporation; any such notice may be for an undetermined period of time, for a limited period of time or for a specific meeting or matter;

(ii) the Chargee will not be under any obligation to vote or to consent as aforesaid to protect the interest of the Chargor; and

(iii) the exercise by the Chargee of its right to vote or to consent as aforesaid will not constitute the Chargee a mortgagee in possession

4.07 LEASEHOLD COVENANTS

In addition to the covenants deemed to be included in the Charge pursuant to section 7(1) of the Act, if the Property is leasehold land, the Chargor covenants with the Chargee that:

(a) the Chargor has, if required, obtained the lessor's consent to the Charge of the Lease;

(b) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable and the rents and covenants thereby reserved have been duly paid and performed by the Chargor;

(c) during the term of the Lease and any extension or renewal thereof, the Chargor will not amend, surrender or modify the Lease or consent to any waiver or cancellation of any provision of it without the written consent of the Chargee and will pay the rent reserved by the Lease and perform and observe the covenants, provisos and conditions contained in the Lease and will indemnify the Chargee against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto;

(d) the Chargor will not subordinate or consent to the subordination of the Lease or any assignment of it by the Landlord without the Chargee's prior written consent;

(e) if the value of any Improvement should become payable to the Chargor, the amount so paid, to the extent not required by the Lease to be expended on the Property shall be paid to the Chargee.

(f) the Chargor will stand possessed of the Property for the last day of the term thereof or any renewal term granted by the Lease in trust for the Chargee and will assign and dispose of the said last day of the term as the Chargee may direct but subject to the same right of redemption and other rights as are hereby given to the Chargor; and

(g) the Chargor will immediately advise the Chargee of any notice of default of the Lease received by the Chargor.

If the Chargor acquires the freehold estate in the Property from the landlord under the Lease either directly or in directly by any means whatsoever including without limitation a conveyance, transfer, assignment, merger, release or quit claim, the leasehold charge created by the Charge shall automatically and without execution or registration of further documentation be a freehold charge on the Chargor's interest in the Property and shall not be deemed or held to have been terminated by reason of the merger of the Chargor's leasehold estate in the Property with the freehold estate in the Property.

4.08 LEASES BY CHARGOR

The Chargor agrees that the Chargee shall have the right at its option to approve all leases of the Property or any part thereof hereafter granted by the Chargor including the form and content thereof and each prospective tenant, such approval not to be unreasonably withheld but to be subject, without limitation, to the following specific considerations:

(a) each lease and renewal thereof shall be based upon prevailing rentals and be for a minimum term of one year for residential uses and five (5) years for all other uses, unless otherwise authorized in writing by the Chargee;

(b) each lease shall not contain any provision whereby the subtenant may deduct from, abate or set off any amount or amounts against the rent payable under the lease (except for an abatement or abatements resulting from damage or destruction to the Property provided that the Chargor or the Chargor's tenant has in place sufficient business interruption insurance to cover any such abatement) unless the tenant first gives to the Chargee notice in writing of the reason for the claim for such deduction, abatement or set off and the Chargee is allowed ten (10) days from the date of receipt of such notice to investigate and to remedy the claim, if necessary or desirable, in its sole discretion to be exercised reasonably; all costs and expenses incurred by the Chargee in investigating and remedying any such claim shall be paid by the Chargor forthwith on demand and shall bear interest and shall be a charge upon the Property;

(c) the lease shall provide that the tenant shall attorn to the Chargee or any purchaser of the Property at the request of the Chargee in the event of default under this Charge.

(d) the receipt of current credit reports acceptable to the Chargee with regard to all tenants.

The Chargor agrees that it will not receive or collect rent from any tenant, subtenant or occupant of the Property for a period of more than two (2) months in advance or enter into any agreement, arrangement or understanding with any such tenant, subtenant or occupant which will in any manner whatsoever result in a prepayment or a reduction of the rent to be paid by such tenant, subtenant or occupant except as aforesaid without the prior written consent of the Chargee (such consent not to be unreasonably withheld).

The Chargor agrees that it will not accept any surrender or cancellation of any lease of the Property or enter into any agreement or arrangement with any tenant thereof which would in any way have the effect of reducing the term of the lease by more than two (2) months or relieving the lessee from or decreasing its liability under the lease by more than the equivalent of two (2) months rent without the prior written consent of the Chargee (such consent not to be unreasonably withheld).

4.09 APPOINTMENT OF RECEIVER

Notwithstanding anything herein contained, any time or times when there shall be a Default, the Chargee may, with or without entry into possession of the Property, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term includes a receiver manager) of the Property, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the Chargor's attorney, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Property as the Chargor's agent and attorney (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies whether created before or after this Charge;

(ii) rent any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the Property operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Property or any part of it.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.

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(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for its acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Property.

(f) No such receiver shall be liable to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) his remuneration as outlined above;

(ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;

(iv) to the Chargee the Indebtedness in such order as the Chargee in its discretion shall determine; and

(v) to pay to the Chargor any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f)of this paragraph, you hereby release and discharge any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to you or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to the terms of this Charge shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers as outlined in this Charge and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred in this Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

4.10 RECORDS/CONDUCT OF BUSINESS

(a) The Chargor will keep proper records, statements and books of account pertaining to the Chargor and to the Property and any business conducted on it. The Chargee shall be permitted access to all such records during normal business hours, including the right to make notes or reproductions thereof.

(b) The Chargor, if a corporation, will not purchase or redeem any shares or pay off any paid up capital or extinguish or reduce the liability on any of its shares in respect of capital not paid up while this Charge remains undischarged. The Chargor will not consent to the transfer of any of its issued capital stock or issue any additional capital stock without the prior written consent of the Chargee.

(c) The Chargor will promptly advise the Chargee of any court proceeding which may materially and adversely affect the Chargor or the Property.

(d) The Chargor will not further charge or encumber the Property without the prior written consent of the Chargee.

ARTICLE 5: DEFAULT AND REMEDIES

5.01 EVENTS OF DEFAULT

Each of the following events constitutes a Default under the Charge:

(a) the Chargor fails to make any payment of all or any part of the Indebtedness when due;

(b) the Chargor or any Guarantor commits a breach of or fails to observe or perform any covenant or obligation contained in the Charge, the Credit Agreement, the Guarantee or any other agreement from time to time in effect between the Chargor or any Guarantor and the Chargee relating to the Credit Agreement or the Guarantee or in any way relating to or connected with the Property or the Charge, or if any representation or warranty of the Chargor or any Guarantor contained in any mortgage application or related document, the Charge, the Credit Agreement, the Guarantee or in any such other agreement or comunication proves to be false or incorrect in any material respect;

(c) the Chargor or any Guarantor fails to discharge immediately any judgment for the payment of money rendered against it;

(d) the Chargor or any Guarantor commits any act of bankruptcy, becomes insolvent or admits its insolvency (as defined or provided for in any applicable statute);

(e) any receiver, manager, receiver and manager, monitor, trustee, sequestor, custodian or liquidator is appointed judicially or extra-judicially for the Chargor or any Guarantor or for any of their property;

(f) the Chargor or any Guarantor, or any of their property, becomes subject to any execution, seizure or other process of any court or to distress or any analogous process;

(g) the Chargor or any Guarantor defaults under any agreement with respect to any indebtedness or other obligation to any person other than the Chargor if such default has resulted in, or may result with notice or lapse of time or both, in the acceleration of any such indebtedness or obligation or the right of such person to realize upon all or any part of the Property;

(h) the Chargor or any tenant or occupant of the Property is in violation of any Applicable Laws relating to environmental matters; any contaminant or hazardous substance (including, without limitation, a "contaminant" as defined in the *Environmental Protection* Act [Ontario]) is present on the Property; or the Property is used as a waste disposal site; or

(i) any construction lien against the Property is not discharged or vacated within ten (10) days after the Chargee has by notice in writing required the Chargor to remove it.

5.02 POWER OF SALE

After a Default which has continued for the minimum period provided by law, the Chargee, on giving the minimum notice required by law, may enter on, lease or sell the Property. If permitted by law, the Chargee may enter on, lease or sell the Property without notice.

5.03 CHARGEE'S RIGHTS ON SALE

After a Default the Chargee may sell the Property or, if the Property is leasehold land, the unexpired term of years demised by the Lease. Any sale may be by public auction or private sale for such price as can reasonably be obtained and on such terms as to credit and otherwise and with such conditions of sale as the Chargee in its discretion deems proper. If any sale is for credit or for part cash and part credit, the Chargee will not be accountable for or be charged with any moneys until they are actually received. The Chargee may rescind or vary any contract or sale and may buy and re-sell the Property without being answerable for loss occasioned thereby. No purchaser will be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety. No lack of default, want of notice or other requirement or any irregularity or impropriety of any kind will invalidate any sale pursuant to the Charge and the Chargee alone will be responsible for any damage caused thereby. The Chargee may sell without entering into actual possession of the Property and while in possession will be accountable only for moneys which are actually received by it. The Chargee may, subject to the restrictions of applicable legislation, sell parts of the Property from time to time to satisfy any portion of the Indebtedness, leaving the remainder of the Property as security for the balance of the Indebtedness. The Chargee may sell the Property or any portion of the Property subject to the balance of the Indebtedness not yet due at the time of such sale. No proceeds of sale in excess of the Indebtedness will be payable unless releases in favour of the Chargee have been provided to it by such persons and in such terms as the Chargee may require. Failing receipt of such releases the Chargee may pay such proceeds into court.

5.04 COSTS OF SALE

The Costs of any proceedings pursuant to the Charge, whether such proceeding proves abortive or not, including taking, recovering or keeping possession of the Property or enforcing any remedies pursuant to the Charge will be payable by the Chargor.

5.05 VARIABLE INTEREST RATE

If the Interest Rate is a variable rate and, after a Default there is a period specified or allowed by the Charge or by law during or at the end of which the Charge may be redeemed or placed in good standing and on or before the commencement of which period a sum is to be fixed in advance for interest for each day or the whole of such period, the Interest Rate for such period will be the Interest Rate in effect on the day next preceding the first day of such period.

5.06 GENERAL RIGHTS OF CHARGEE

After a Default the Chargee may, but will not be obligated to, perform or cause to be performed any obligations of the Chargor pursuant to the Charge, and for such purpose may do such things as may be required, including, without limitation, entering upon the Property and doing such things upon or in respect of the Property as the Chargee reasonably considers necessary. The Costs of all such actions taken by the Chargee will be paid by the Chargor. Upon a Default, the Chargee may foreclose all right, title and equity of redemption of the Chargor in the Property or the Lease or distrain for arrears of the Indebtedness. The Chargor waives the right to claim exemption from distress and agrees that the Chargee shall not be limited to the amount for which it may distrain.

5.07 SALE OF LEASEHOLD PROPERTY

If the Property is leasehold land, the Chargor appoints the Chargee as the Chargor's attorney during the continuance of the Charge. If the Chargor has defaulted and the Chargee has given the notice required by the Charge, the Chargee, for and on behalf of the Chargor, may assign the Lease and convey the leasehold interest in the Property and the last day of the term granted by the Lease as the Chargee shall at any time direct. On any sale made by the Chargee under the statutory power or power of sale contained in the Charge, the Chargee may assign the Lease, the leasehold interest in the Property and the reversion to the purchaser. The Chargee or other person for the time being entitled to the Indebtedness may at any time, by deed, remove the Chargor or any other person from being a trustee of the Lease under the declaration of trust set out above and on the removal of the Chargor or any future trustee of the Lease, appoint a new trustee or trustees in place of the Chargor.

5.08 LAST DAY OF LEASE TERM

If the Property is leasehold land, the Chargor will, with respect to the Lease, at the request of the Chargee, but at the cost, charge and expense of the Chargor, grant to the Chargee, or any person whom it may appoint, the last day of the term of the Lease or any renewal or substituted term. If the Chargee sells under the power of sale contained in the Charge, the Chargor shall be the owner of the Property for the last day of the term of the Lease, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers.

ARTICLE 6: DEALING WITH THE SECURITY

6.01 CONCURRENT REMEDIES

The Chargee may exercise all remedies provided for in the Charge or at law concurrently or in such order and at such times as it may see fit and will not be obligated to exhaust any remedy or remedies before exercising its rights pursuant to any other provisions contained in the Charge or at law.

6.02 JUDGMENTS

The taking of a judgment or judgments against the Chargor for breach of any of the Chargor's obligations contained in the Charge will not operate as a merger of such obligations or affect the Chargee's rights to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon will be computed at the Interest Rate until such judgment is fully paid and satisfied.

6.03 DISCHARGE OF CHARGE AND RELEASE

(a) The Chargee will have a reasonable period of time after full payment of the Indebtedness and termination of the Credit Agreement to prepare and execute a discharge of the Charge. Interest at the Interest Rate will continue to run and accrue on all Indebtedness until full payment has been received by the Chargee. All reasonable legal and other expenses for the preparation, execution and delivery of the discharge, including an administration fee, will be paid by the Chargor. It will be the obligation of the Chargor to register the discharge of the Charge.

(b) The Chargee may in its discretion, subject to the restrictions of applicable legislation, at any time release any part or parts of the Property or any other security for the Indebtedness either with or without any consideration and without releasing any other part of the Property or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value of the land released or for any money except that actually received by the Chargee. Every part or lot into which the Property is or may hereafter be divided will stand charged with the entire Indebtedness.

(c) The Chargee may grant time, renewals, extensions, indulgences, releases and discharges, may take securities from and give the same up, may abstain from taking securities from or from perfecting securities and may otherwise deal with the Chargor, any Guarantor and all other persons and securities as the Chargee may see fit without notice or consent, all without prejudicing the rights of the Chargee pursuant to the Charge.

6.04 EXPROPRIATION

If the whole or any part of the Property is expropriated, condemned or otherwise taken by any governmental authority or corporation or is sold in lieu of or in reasonable anticipation of any such proceedings, all proceeds of any such expropriation or sale plus a bonus equal to three (3) month's interest thereon will, at the option of the Chargee, be paid to the Chargee, in priority to the claims of any other person and will, at the Chargee's option, be applied against all amounts secured by the Charge in such order of priority as the Chargee may in its sole discretion determine.

6.05 RENEWAL OR EXTENSION OF TIME

Neither any extension of time or any renewal of the Charge given by the Chargee to the Chargor or anyone claiming through the Chargor, any amendment to the Charge nor any dealing by the Chargee with a subsequent owner of the Property including any of the foregoing in which the Interest Rate may be increased or decreased, whether or not notice of any of the foregoing has been given or consent obtained, will in any way affect or prejudice the rights of the Chargee against the Chargor, any Guarantor or any other person or persons liable for payment of the Indebtedness except as therein provided. The Charge may be renewed by an agreement in writing for any term, with or without an increased or decreased rate of interest, with or without other amendments or it may at any time be otherwise amended and such renewal or amendment shall be effective and retain the same priority over any instrument registered after the Charge, whether or not it is registered.

6.06 SALE, TRANSFER OR CHARGE

(a) If the Chargor sells, leases, transfers or charges the Property or any interest in the Property without the written consent of the Chargee, and subject to the satisfaction of such conditions as the Chargee may specify in giving such consent, or if the Chargor is a corporation, its ownership or effective control changes, the Indebtedness will, at the option of the Chargee, forthwith become due and payable.

(b) If the Property is leasehold land, no sale or other dealing by the Chargor with the Lease or the Property or any part thereof or any other dealing by the Chargee with the Lease or the Property or any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable to repay the Indebtedness.

(c) No sale, transfer or charge of the Property by the Chargor, whether with or without the consent of the Chargee, will in any way change the liability of, or in any way alter the rights of the Chargee against, the Chargor, any Guarantor or any other person liable for payment of the Indebtedness or the performance of the obligations in the Charge.

6.07 ACCELERATION

After a Default or if all or any material part of the Property is expropriated, condemned or otherwise taken by any governmental authority or corporation having jurisdiction, the Indebtedness remaining unpaid will, at the option of the Chargee, immediately become due and payable.

6.08 LEASEHOLD RIGHTS

(a) The Chargee shall have the right to cure any default under the Lease.

(b) If the Chargor refuses or neglects to renew the Lease or any renewal thereof if so provided, then the Chargee may effect any such renewal in its own name or otherwise, and every renewal of the Lease and the Lands thereby demised shall remain and be security for the Indebtedness. The Chargor hereby irrevocably appoints the Chargee as its attorney for the purpose of effecting any such renewal.

7.01 ASSIGNMENT OF RENTS

ARTICLE 7: ASSIGNMENT OE RENTS

(a) The Chargor assigns to the Chargee all rents payable from time to time under all leases of the Property, whether presently existing or arising in the future, together with the benefit of obligations guarantees and indemnities contained in those leases.

(b) Immediately after granting any lease of the Property the Chargor shall, if requested by the Chargee, execute and deliver to the Chargee a specific assignment in the Chargee's usual form of all rents payable under such lease and the benefit of all tenant's obligations contained in such lease and will also execute and deliver to the Chargee all such notices and other documents as may be required in order to effect such assignment.

(c) Nothing contained in the Charge shall make the Chargee responsible for the collection of rents payable under any lease of the Property or for the performance of any of the landlord's obligations contained in any such lease.

(d) The Chargee shall not by virtue of the exercise of any of its rights under this Section be deemed a mortgagee in possession of the Property.

(e) The Chargee shall be liable to account only for such rents as are actually received (less reasonable collection charges). The Chargee may apply such rents to the payment of the Indebtedness in such manner as it shall determine.

(f) The Chargor shall until Default be entitled to collect all rents and other amounts due under all leases of the Property. The Chargor irrevocably authorizes the tenants under all leases to pay the rents to the Chargee after written demand from the Chargee without determination by the tenants whether Default has in fact occurred. Any rents or other monies received by the Chargor after Default shall be held in trust by the Chargor for the Chargee.

(g) Notwithstanding anything contained in the Charge, no lease of the Property granted by the Chargor without the consent in writing of the Chargee shall have priority over the Charge.

ARTICLE 8: MISCELLANEOUS

8.01 NOTICE

When any notice is given by the Chargee pursuant to or in connection with the Charge, such notice may be given in any manner permitted or provided by the laws applicable thereto, or, subject to the laws applicable thereto, may at the option of the Chargee be given by leaving it with the Chargor or any Guarantor or with a grown-up person at the Property, by mailing it by prepared registered post addressed to the Chargor or any Guarantor at the last known address of the Chargor or an Guarantor, by sending it by any electronic means of sending messages, including telex or facsimile transmission which produces a paper record, during normal business hours on a Business Day charges prepaid and confirmed by prepaid first class mail, or by publishing it once in some newspaper published or circulated in the city, town or county in which the Property is located. Such notice will be sufficient although not addressed to any person by name or designation and notwithstanding that any person to be affected thereby may be unknown, unascertained or under any disability. Subject to the laws from time to time applicable thereto, the giving of such notice in the manner aforesaid will be as effective as if the notice had been personally served upon all persons required to be served therewith.

8.02 MULTIPLE PARTIES AND ENFORCEMENT

If the Charge is given or assumed by more than one person, the obligations imposed by the Charge will be deemed to bind such persons jointly and severally unless otherwise specified. In the Charge, words in the singular include the plural and vice-versa, words in one gender include all genders and "person" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other entity recognized by law. Time will be of the essence of the Charge. All provisions of the Charge will have effect notwithstanding any statute to the contrary unless otherwise specifically provided by the statute. If any provision of the Charge is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision will be deemed to be severed from the Charge, and the remaining provisions of the Charge will remain in full force and effect.

8.03 TITLES

Titles in the Charge are inserted for convenience of reference only and will not affect or modify the interpretation or construction of all or any part of the Charge.

8.04 DATE OF CHARGE

Unless otherwise specified in the Charge, the date of the Charge will be the date on which it was registered.

8.05 GOVERNING LAW

The Charge will be governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

8.06 WAIVER

The Chargee may waive any Default. No waiver will extend to a subsequent Default, whether or not the same as or similar to the Default waived, and no act or omission by the Chargee will extend to, or affect, any subsequent Default or the rights of the Chargee arising from such Default. Any such waiver must be in writing and signed by the Chargee. No failure on the part of the Chargee or the Chargor to exercise, and no delay by the Chargee or the Chargor in exercising, any right pursuant to the Charge will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.

8.07 NON-MERGER OF CREDIT AGREEMENT

If the Charge secures a Collateral Loan, the Charge is collateral security to the Credit Agreement or the Guarantee. The terms and conditions of the Credit Agreement or the Guarantee will remain binding and effective on the parties to the Charge and will not merge in the Charge nor in any document executed or delivered with respect to the Charge. If there is any inconsistency between the terms of the Credit Agreement or the Guarantee and the Charge, the terms of the Credit Agreement or the Guarantee will apply.

8.08 OTHER FEES

The Chargor will pay the Chargee its then current fees for preparing and providing mortgage statements and other information regarding the Charge requested by the Chargor, amending its records to reflect the assumption of the Charge, entering into an agreement to amend any provision of the Charge and such other administrative matters performed by the Chargee relating to any collateral security and such amounts will be included in Costs.

8.09 SUCCESSORS AND ASSIGNS

The Charge will enure to the benefit of and be binding upon the Chargor, the Chargee and any Guarantor and their respective heirs, executors, administrators, legal representatives, successors (including any successor by reason of amalgamation or statutory arrangement of any party) and permitted assigns. All of the obligations of the Chargor and any Guarantor in the Charge will be deemed to be covenants by the Chargor and any such Guarantor in favour of the Chargee.

8.10 STATUTES

Unless specified otherwise, reference in the Charge to a statute refers to that statute as it may be amended or to any restated or successor legislation of comparable effect.

8.11 NO OBLIGATION TO ADVANCE

Neither the preparation, execution nor registration of the Charge will bind the Chargee to advance all or any part of the Principal; the advance of a part of the Principal will not bind the Chargee to advance any unadvanced portion of the Principal. If the whole or any part of the Principal is not advanced, the expenses of the examination of the title and of the Charge and all valuation fees and standby and commitment fees together with all Costs will be secured by the Charge and form part of the Indebtedness and the charge on the Property will take effect as soon as the Chargor has executed the Charge.

8.12 CHANGE OF STATUS

After any change affecting (a) the spousal status of the Chargor, (b) the qualification of the Property as a matrimonial home within the meaning of Part II of the *Family Law* Act (Ontario) or (c) the title to or charging of the Property, the Chargor will advise the Chargee and provide the Chargee with the full particulars of such change. The Chargor will provide the Chargee with any information or evidence relating to any of the matters dealt with in this Section which the Chargee may request.

8.13 GUARANTEE

Each Guarantor, in consideration of such advance or advances as the Chargee may make to or on behalf of the Chargor pursuant to or secured by the Charge and the terms and provisions of the Charge:

(a) covenants with the Chargee, as principal debtor and not as surety, to pay or cause to be paid to the Chargee the Indebtedness as provided in the Charge, as fully and in the same manner as if the Guarantor had executed the Charge as Chargor.

(b) further covenants, as principal debtor and not as surety, to perform the Chargor's covenants contained in the Charge and at all times to indemnify the Chargee and save it harmless from all losses, costs and damages in respect of the advances of money pursuant to the Charge and every matter and thing contained in the Charge;

(c) agrees that the Chargee may from time to time without notice to, or the consent of, the Guarantor:

(i) extend the time for payment of all or any part of the Indebtedness;

(ii) renew the Charge for any term with or without any increase or decrease in the Interest Rate or decrease in the Principal amount;

(iii) amend the terms and times of payment and the Interest Rate with respect to the Indebtedness;

(iv) refrain or forbear from enforcing payment of the Indebtedness;

(v) release any portion or portions of the Property with or without compensation;

(vi) waive or vary any of the Chargor's obligations;

(vii) grant any indulgence to the Chargor in respect of any Default; and

(viii) release or discharge the Chargor in any creditor, receivership, bankruptcy or other proceeding and notwithstanding any such act by the Chargee, the Guarantor will be bound by the provisions of the Charge until all of the Indebtedness is paid in full;

(d) agrees that the Chargee may at any time grant or refuse any additional credit to the Chargor, accept or release or renounce any collateral or other security, administer or otherwise deal with the Property, take an assignment of the rentals with respect to the Property and apply any and all moneys at any time received from the Chargor or from any other person or from the proceeds of any securities given in connection with the Charge in any manner the Chargee may deem appropriate. The Chargee may also apply any insurance proceeds in reduction of the Indebtedness, whether due or not, or for the reinstatement of the Improvements as the Chargee may in its absolute discretion deem advisable;

(e) agrees that all of the matters mentioned in the Charge may be performed by the Chargee without notice to, or the consent of, the Guarantor without releasing or in any way modifying, altering, varying or in any way affecting the liability of the Guarantor hereunder;

(f) agrees that the liability of each Guarantor, if there is more than one Guarantor, will be joint and several;

(g) agrees that, if there is more than one Guarantor, the Chargee may from time to time without notice to, or consent of any or all of the Guarantors, waive, release or partially release, or vary any obligations of any other Guarantor without relieving the Chargee from its liability hereunder;

(h) agrees that in the event of a Default, the Guarantor hereby waives any right to require the Chargee to proceed against the Chargor or the Property or to exhaust its rights and remedies against the Chargor or the Property before proceeding against the Guarantor;

(i) agrees that if the Chargor is a corporation, no change thereto or therein, including any amalgamation with any other corporation, shall in any way affect the liability of the Guarantor either occurring before or after such change and the Chargee shall not be concerned to see or inquire into the powers of the Chargor or any of its directors or other agents acting or purporting to act on its behalf, and moneys and advances in fact borrowed or obtained from the Chargee in professed exercise of such powers shall be deemed to form part of the Indebtedness hereby guaranteed, notwithstanding such borrowing or obtaining of moneys or advances shall be in excess of the powers of the Chargor or of its directors or other agents as aforesaid, or be in any way irregular, defective or informal;

(j) acknowledges that this guarantee has been delivered free of any conditions and that no representations have been made to the Guarantor affecting the Guarantor's liability under this guarantee. This guarantee is in addition to and not in substitution for any other guarantee now or hereafter held by the Chargee.

(k) agrees that liability hereunder shall be a continuous liability and shall subsist until payment in full of the Indebtedness. The Guarantor shall indemnify the Chargee and hold it harmless from any delay or deficiency in payment of the Indebtedness.

ACKNOWLEDGMENT

This Set of Standard Charge Terms is included in a Charge dated the day of , 19 , made by

To as Chargor(s)

as Chargee(s)

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing the Charge.

_____ _____
Guarantor(s) Chargor(s)

_____ _____

Dated the 21st day of May, 1999

CitiFinancial Canada, Inc.

Martin J. Wong
Vice President

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 998 Cote

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by Baker & McKenzie

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

CONTENTS

Part 1	Meaning of terms used in the mortgage
Part 2	Preliminary matters
Part 3	Collateral Security
Part 4	Payment obligations
Part 5	Our security
Part 6	Your responsibilities as to the property
Part 7	Actions we can take under the mortgage
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 999 Cote
Filing Date 11 JUNE 1999 Date de Dépôt
Page 1 of/de 24 (Twenty-Four) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

PART 1. MEANING OF TERMS USED IN THE MORTGAGE

1.1. What certain terms mean. Terms used in the mortgage have the following meanings:

1.1.1. **You** means each person who has signed the mortgage as a chargor.

1.1.2. **We and US** means each chargee to whom the mortgage is given.

1.1.3. **Mortgage** means the charge in which these standard charge terms are included, together with every schedule to the charge and these standard charge terms (as far as they are not excluded or varied).

1.1.4. **Payment obligations** means the obligations to pay money which are secured by the mortgage.

1.1.5. **Real estate** means the land an interest in which is intended to be subject to the mortgage. It includes buildings and the other things that the real estate includes and that are referred to in part 5.

1.1.6. **Property** means any property an interest in which is intended to be subject to the mortgage. It includes the real estate and rights assigned to us.

1.1.7. **Lease** means a lease of all or part of the real estate, an agreement to give a lease of all or part of the real estate and an agreement giving anyone a right to occupy or use all or part of the real estate (except a right of way or other easement). If there has been an agreement changing the terms of such a lease or agreement, it means the lease or agreement as so changed. Where lease refers to an agreement giving anyone a right to occupy all or part of the real estate, landlord means the person whose interest is subject to the right and tenant means the person who has the

right. In all cases lease includes a sublease. Lease shall, in all cases, include all existing and future leases.

1.1.8. **Business day** means any day other than a Saturday, Sunday or public holiday in Ontario.

1.1.9. **Property tax** means every kind of tax, rate, duty, levy, charge, imposition, assessment and fee on the property or any part of it or in respect of the property or any part of it, whether it is in favour of a municipal, provincial, federal or other authority and whether it is of a kind that exists when the mortgage is signed or comes into existence after then. It does not include a tax on us in respect of our overall net income or gains or a tax in respect of a transfer by us of our interest in the mortgage or of the payment obligations.

1.1.10. **Pollutant** means a substance that can cause or probably could cause harm to the life or health of a human being. It may be a solid, liquid or gas.

1.1.11. **Law** includes law that is either enacted or part of the common law. Enacted law includes law made by the federal or a provincial government, by a municipality or by any other governmental body. Enacted law includes an Act, regulation, order in council or bylaw. Law also includes an Act, regulation, order in council or bylaw. Law also includes a governmental action, such as an order, notice or approval.

1.1.12. **Work** on real estate includes constructing anything that will become part of the real estate, altering the real estate, adding to the real estate, repairing the real estate and demolishing a part of the real estate.

1.1.13. **Person** includes a corporation.

1.2. **Interpretation generally.** Where the mortgage refers to a person, thing or action, the reference includes, where the context allows, more than one person, thing or action. Where the mortgage refers to more than one person or thing or action, the reference includes, where the context allows, any of them.

PART 2. PRELIMINARY MATTERS

2.1. **Your knowledge.** A statement by you to us in the mortgage may be limited to what you know. Where this is so, you state that you have done what a reasonable person would do to verify the statement.

2.2. **Information supplied.** You state that, as far as you know, all information that you have supplied to us for the mortgage is substantially accurate and complete.

2.3. **Documents.** You state that you have given us a copy of all of the following documents relating to the real estate that are in your possession or control: documents affecting the title (except those available in the land registry office), surveys, tests and reports.

2.4. **Legal obligations.** You state that you are not a party to any legal proceeding (except a proceeding that you have informed us about in writing) and are not in serious default under any of your significant legal obligations. You state that, as far as you know, nothing has occurred which gives us the right to take action under part 7 or would have given us that right if we had not been required to give a notice or allow time to pass.

2.5. **Work on the real estate.** You state that you are not giving the mortgage to secure the financing of work on the real estate except as far as you have informed us otherwise in writing.

2.6. **Condition of property.** You state that, as far as you know, the property has no defect that cannot be found by a reasonable inspection.

2.7. **Legal requirements.** You state that, as far as you know, the property and its use comply substantially with every law. If we are making a loan for work on the real estate, you state that, as far as you know, the law permits the work and its use.

2.8. Environmental matters.

2.8.1. **Pollutants.** You state that, as far as you know, nothing that is part of the real estate is composed of a pollutant that causes or is likely to cause harm to the life or health of a human being. This does not apply to anything about which you have informed us in writing.

2.8.2. **Our loss.** You agree to pay to us and the other persons described below all loss that we or they suffer and that is caused by a breach of any law relating to the real estate or its use, or by a pollutant in or on the real estate. The following terms apply to this agreement:

2.8.2.1. The other persons whose loss you are to pay are our directors, officers, employees and agents.

2.8.2.2. The loss that you are to pay includes loss from a liability or from an expense relating to the liability.

2.8.2.3. You must pay the loss whether the breach has occurred, or the pollutant is in or on the real estate, when the mortgage is signed or occurs or comes in or on the real estate after then.

2.8.2.4. Your liability under this paragraph continues after the mortgage has been discharged.

2.8.3. You state that you have not done any of the following things or permitted anyone else to do them, and that, as far as you know, no one else has done them. This statement does not apply to anything about which you have fully informed us in writing or where any such pollutants have now been removed. You will not do or allow anyone else to do any of those things. The things are:

(i) Insulating a building on the real estate with urea-formaldehyde foam;

(ii) Using asbestos as an insulating or building material for a building on the real estate;

(iii) Storing a pollutant on the real estate other than a reasonable quantity that is to be used on the real estate in the normal course within a reasonable time;

(iv) Placing an underground storage tank in the real estate;

(v) Burying a pollutant in the real estate;

(vi) Having polychlorinated biphenyls (PCB's) on the real estate;

(vii) Disposing of garbage or industrial waste on or in the real estate;

(viii) Accidentally spilling a pollutant on the real estate;

(ix) Allowing gasoline to leak into the real estate; and

(x) Putting radioactive material in or on the real estate.

2.9. **Statements on advances.** You agree that your statements in the mortgage are true when you give the mortgage and will be true each time you accept an advance from us.

PART 3. COLLATERAL SECURITY

3.1. **What is Secured.** You are giving this mortgage as general and continuing collateral security for the due and timely payment and satisfaction of all amounts owing to us at any time until this mortgage is discharged by us and also for the performance of all your obligations contained in any agreement you have made with us. For greater certainty amounts owing by you will include all your liabilities to us, however incurred, whether prior to, at the time of or subsequent to you signing this mortgage and any unpaid balance of such amounts, including advances to you, under any fixed or revolving credit facilities established at any time, overdrawn accounts, obligations discounted for you or your account, letters of credit or guarantees issued by us for your account whether drawn upon or not, any of your obligations under any contract of guarantee now or hereafter in existence whereby you guarantee payment of the debts, liabilities and obligations of any third party to us, all amounts of principal advanced to you at any time and from time to time, and all interest, damages, costs charged and expenses which may become due or payable by you to us or which may be paid or incurred by us for your account.

3.2 We may increase, reduce, discontinue or otherwise vary your credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharge and otherwise deal with you and other persons (including without limitation any person to whom all or part of the Property is transferred) and with any securities as we may see fit without affecting any of our rights or remedies (hereunder or otherwise), or your liability under the mortgage or your Payment Obligations.

3.3 **Discharge.** You agree that this mortgage shall remain in full force and shall not be deemed to have been discharged or redeemed even though from time to time you are not indebted to us.

3.4 **No Merger.** You also agree that this mortgage or any of the provisions in it will not operate so as to create any merger, rebate or discharge of any amounts owing to us or of any other security held by or which may hereafter be held by us from you and that we may enforce any of our rights and remedies contained in any of our other agreements with you or with others without affecting any of our rights and remedies contained in this mortgage.

3.5 **Judgements.** If we obtain a judgment or judgments against you in respect of any of your agreements or obligations contained in the mortgage, or in respect of all or any part of amounts you owe to us, you agree that such judgment will not in any way affect the security created by the mortgage or any other security or our right to pursue any of our other remedies or to enforce any of your other obligations including our right to interest.

PART 4. PAYMENT OBLIGATIONS

4.1. What obligations the mortgage secures

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4.1.1. **Box (9).** If the Payment Provisions in box (9) on page 1 of the mortgage are completed, the mortgage secures the obligation to make those payments.

4.1.2. **Other Agreements.** If you have agreed to make payments to us in any other document or agreement, the mortgage secures those obligations.

4.1.3. **Expenses.** Under these terms, you also agree to make certain payments, such as for expenses; the mortgage also secures your obligation to make those payments.

4.1.4. **Legal obligations.** As a result of the mortgage, the law requires you to make certain payments; the mortgage secures your obligation to make those payments.

4.2. **Your obligation to pay.** You will pay all the payment obligations in the manner in which your agreement or the law requires you to make them.

4.3. **Payment provisions in box (9).** Where Payment Provisions in box (9) on page 1 of the mortgage are completed, you will make payments as set out below. This part refers to information set out or referred to in box (9) by using the titles in the box.

4.3.1. **Interest.** You will pay interest on as much of the Principal Amount as is owing, at the Interest Rate, calculated for the Calculation Period.

4.3.2. **Interest to Interest Adjustment Date.** Until the Interest Adjustment Date you will pay the interest for each month on the first day of the following month, and on the Interest Adjustment Date you will pay the interest to that date.

4.3.3. **Monthly Payments.** You will pay the Amount of Each Payment on the First Payment Date and on the Payment Date of each Period after that until the Last Payment Date. We will use each of these payments first to pay the interest on the Principal Amount up to the end of the previous Period and then to reduce the Principal Amount.

4.3.4. **Balance on maturity.** On the Balance Due Date, you will pay the balance of the Principal Amount and any unpaid interest in full.

4.4. **How interest is calculated.** Where an interest rate is calculated half-yearly not in advance, the calculation is to be made on June 1 and December 1 each year. All rates of interest under the mortgage (including compound interest) apply both before and after maturity, default or judgment.

4.5. **Compound Interest.** If interest is not paid on the day that it is payable, interest must be paid on the unpaid interest. This interest must be paid at the same rate as the unpaid interest is calculated in the same way, and must be paid on the same days. If interest on unpaid interest is not paid on the day that it is payable, interest must be paid on that interest as provided above, and so on.

4.6. **Early payments.** You will make payments only as the mortgage or other documents between us requires. You may not make early payments unless the mortgage specifically gives you the right to do so.

4.7. Taxes and costs.

4.7.1. **Meanings.** In this section:

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Tax means a present or future tax, charge, levy, impost, stamp tax, duty, deduction, withholding, compulsory loan, or similar amount, together with any interest or penalty on it, under the law of any jurisdiction.

Additional tax means a tax other than a tax that is both:

A tax of the jurisdiction in which the real estate is situated.

A tax on our overall net income that is not deducted or withheld from payments under the mortgage.

4.7.2. **Payments free of tax.** You will make all payments to us free of any additional tax. If a payment is subject to additional tax, you will pay us, in addition to the payment, the amount needed to ensure we receive what we would have received if the payment had been free of the additional tax.

4.7.3. **Adjustment.** If we decide that an additional tax on a payment or part of it does not increase our liability for tax on the payment, we will return to you the amount paid under section 4.7.2. or the part of that amount. A certificate of a financial officer of ours as to the amount to be returned is conclusive.

4.7.4. **Costs.** You agree that we are to receive payment under the payment obligations free from every cost other than a tax or the costs referred to below. You agree to pay every other cost and, specifically, every other cost relating to the property, even if it does not arise during the mortgage. We are, however, responsible for our costs in receiving payment in the normal course of the payment obligations. Where the mortgage refers to a specific expense, that does not limit this subsection.

4.8. General provisions.

4.8.1. **Currency.** Except where any of your agreements with us provide otherwise, all amounts are expressed in Canadian money and are payable in Canadian money.

4.8.2. **Place.** You must make all payments to us at our branch designated in the mortgage or at any other place in Canada that we may state in writing.

4.8.3. **Method.** If we ask in writing, you will authorize your bank to make payments or you will make any other reasonable arrangement for them to be paid.

4.8.4. **Time.** For a payment to be treated as made on a particular day, it must be made before 3 p.m., in the time of the place where the payment is to be made. Where the day on which you must make a payment is not a business day, you must make the payment on the last business day before that day.

4.8.5. **Deduction.** Payments must be made without any deduction.

4.9. **Expenses for the mortgage.** You will pay us our expenses in taking the mortgage, whether we advance money to you or not, and money payable under a commitment. The expenses include expenses for negotiating the documents, searching title to the property and preparing and registering the mortgage.

4.10. **General terms relating to costs or expenses.** Wherever the mortgage requires you to pay a cost or expense, the following terms apply. If it was caused by an act of ours, it is payable if we acted honestly. Its amount must

be reasonable. It includes lawyers' fees and disbursements charged on the basis that applies between a lawyer and his or her own client and even though we may not have taken court proceedings. It also includes fees and expenses for other professionals. It includes a fee for the time and services of an employee or agent of ours. You will pay it to us as soon after it has been incurred as we ask in writing for it. You will pay interest on it from the time that it is incurred. The interest rate will be the highest rate that applies to the payment obligations.

4.11. **Immediate payment**. Where a term of any of your agreements with you allows us to require immediate payment of payment obligations, we have an option whether to require it or not. We will be taken to have exercised our option to require immediate payment only if we give your written notice to that effect. If we give the notice, the entire amount must be paid on the day that the notice is given.

PART 5. OUR SECURITY

5.1. Real estate generally.

5.1.1. **Described land.** You grant, mortgage and charge the land described in the mortgage to us and our heirs and successors.

5.1.2. **Abutting land.** Where the law would make security under this mortgage invalid because you have an interest in abutting land, you grant, mortgage and charge to us and our heirs and successors all abutting land that must be included in the mortgage to make the security valid.

5.1.3. **Security on other related land.** You agree that, if you are entitled to an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. You also agree that, if you become entitled to obtain an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. Land will not be subject to this term if it is not used directly and exclusively in connection with the land that is covered by the mortgage.

5.2. **What is included in real estate.** The real estate includes the land to which the mortgage relates and the things listed below, whether they exist when the mortgage is signed or come into existence after then. You agree that these things are intended to be fixtures on the land. The things are buildings on the land; other structures on the land, fences on the land or improvements to the land; anything else that the law would treat as a fixture to the land; equipment on the land for heating, ventilating or air-conditioning a building; elevators and escalators on the land; fixed machinery and mechanical equipment on the land serving a building; equipment on the land for supplying electricity, gas, steam or hot or cold water; lighting equipment on the land, including bulbs and tubes; window or door screens, storm windows and window blinds, shutters and awnings for a building on the land; antennas, satellite dishes and similar equipment on the land; fire alarm and security systems on the land; wall to wall floor covering in a building on the land and fixed mirrors; crops and plants on the land; built-in appliances on the land such as a stove or dishwasher; and a sculpture or other work of art on the land outside a building or in a common area.

5.3. **Movable property**. You give us a security interest over your interest in all property that, either when the mortgage is signed or after then, is:

5.3.1. Property referred to in section 5.2 that is not a fixture.

5.3.2. An article used mainly for maintaining or operating the real estate, such as a snowplow or cleaning equipment.

5.3.3. Any other movable property described in the mortgage.

5.4. Rights to Income.

5.4.1. **Assignment.** You assign to us the full benefit of, and irrevocably appoint us as your attorney to exercise:

5.4.1.1. The landlord's rights under every lease that exists when the mortgage is signed or comes into existence after then.

5.4.1.2. The landlord's rights to rent and other money payable under every such lease and every other right to income from the real estate that exists when the mortgage is signed or comes into existence after then.

5.4.1.3. The landlord's rights under any lease that the mortgage says is to be included in this assignment.

5.4.1.4. The landlord's rights in respect of every lease referred to in these subparagraphs, including a guarantee or indemnity, a security and a right to insurance.

5.4.2. **Effect.** We are not bound to collect the income from the property, to enforce a lease or to comply with the landlord's obligations under a lease. We need only account for income we actually receive. These terms and anything we do under them do not put us in possession of real estate. Nor do they authorize you to enter into a lease. Nor do they give the interests of tenants priority over the mortgage or create a relationship of landlord and tenant between us and a tenant or give any tenant any interest in the property which is binding on us or affects our rights under other terms of the mortgage.

5.4.3. **Specific Assignment.** You shall, forthwith upon our request, execute in respect of any or all leases such further assignments of the same, in the form and substance as we may prescribe or do such other things as we may require to enable us to enjoy the full benefit of the above assignment.

5.4.4. **Notice to Tenant.** Whenever we have a right to take action under part 7,

(i) you shall, forthwith upon our request, issue to the tenant under any lease a notice of the above assignment or a notice requiring such tenant to attorn to us or do any other things or issue any other notice which we may require for the purpose of perfecting our right under or enabling us to enjoy the full benefit of the above assignment; and

(ii) we may sell the income and rights assigned above and we or the purchaser from us shall have the same rights as those relating to a sale of the real estate.

5.4.5. We may apply any amount received by us under the above assignment towards satisfaction of any payment obligations.

5.4.6. **Future Leases.** You shall obtain in each lease permitted under the mortgage to be entered into in the future a covenant of the tenant under the lease whereby, at our request, such tenant will attorn to and become the tenant of or be directly liable to us in respect of its obligations under

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the lease. The inclusion of such a covenant shall not put us in possession of the real estate. Nor does it give the interests of the tenant under such lease priority over the mortgage or create a relationship of landlord and tenant between us and the tenant or give such tenant any interest in the property which is binding on us or affects our rights under other terms of the mortgage.

5.5. Other rights relating to the property.

5.5.1. To further secure the payment obligations, you assign to us the benefit of, and irrevocably appoint us as your attorney to exercise:

5.5.1.1. Your rights under every insurance policy that exists when the mortgage is signed or comes into existence after then and that covers loss caused by loss of or damage to any part of the property.

5.5.1.2. Any other right that the mortgage says is to be included in this assignment.

5.5.1.3. All of your rights in connection with the above, including a guarantee or indemnity, a security and a right to insurance.

5.5.2. We are not bound to enforce the rights or comply with your obligations in respect of them. We need only account for money we actually receive. These terms do not authorize you to enter into an agreement that binds us or our interest in the property.

5.5.3. **Restrictions on Assignment.** Where an assignment under terms of this mortgage would be a breach of the agreement, it is effective when it can be made without a breach. You will use your best efforts to make each assignment under the previous paragraph effective.

5.6. Your use of the property.

5.6.1. **Real estate and movable property.** Until we have a right to take action under part 7, you may remain in possession of the real estate and continue to use movable property that is subject to the mortgage.

5.6.2. **Income.** Until we have a right to take action under part 7, we authorize you to collect the rents under leases provided you comply with the terms set out below as to dealings with tenants. This authorization does not detract from the legal effect of the assignments in the mortgage.

5.7. Your title obligations.

5.7.1. **Nature of your title.** Where this section refers to your interest in property, it will be taken to refer to the absolute ownership of or absolute right to the property. For real estate this is an estate in fee simple. For all property, it is the absolute ownership or absolute right both legally and beneficially. However, where the mortgage specifically says that you have any other interest, this section will be taken to refer to the interest described in the mortgage.

5.7.2. **Meaning of encumbrance.** Encumbrance includes a reservation, exception, condition, mortgage, charge, lien, lease (as defined in part 1), right of way or other easement, restrictive covenant and trust.

5.7.3. **Your obligations.** You state that you have a good title to your interest in the property free from encumbrances. Where the mortgage refers to your interest in the property as being less than the absolute ownership, you state that your interest and every interest on which it depends is valid. Where the property is a right, such as a right to income or an

insurance policy, you state that the right is valid. You state that you have the right, power and authority to mortgage or deal with your interest in the property in the manner set out in the mortgage free from encumbrances. You state that you have not done, omitted or permitted anything by which your interest in the property is or may be affected or made subject to an encumbrance. You agree that while we are entitled under the terms of the mortgage to possess or enjoy your interest in the property, we will have quiet possession or enjoyment of your interest in the property free from encumbrances. You will, at our request, do anything that we think is necessary or advisable to confirm any of our rights under the mortgage and pay our expenses for that. You will defend your title to the property. You will not create or attempt to create any encumbrance that is prior to the mortgage or has the same priority as the mortgage.

5.8. **Discharge.** When all of your payment obligations have been made to us in accordance with their terms, we will discharge the mortgage and reassign to you any rights that you have assigned to us in the mortgage. Or, if you are entitled to and do require us to assign the mortgage and rights to someone else, we will do so. You will give us a reasonable time after payment to verify our records and sign the documents. You will pay our expenses for doing what this section requires. You are responsible for registering the documents.

PART 6. YOUR RESPONSIBILITIES AS TO THE PROPERTY

6.1. Insurance.

6.1.1. Kinds of insurance required.

6.1.1.1. **Fire.** You will insure your interest in every building and other improvement on the real estate against loss or damage by fire, extended perils and other risks normally covered by a fire insurance policy.

6.1.1.2. **Boiler.** If there is a boiler on the real estate, you will insure your interest against loss caused by explosions and other accidents that are usually covered by a boiler policy.

6.1.1.3. **Rents and income.** Where the real estate is leased, your insurance described in the previous paragraphs must cover your loss of rents and payments by tenants towards costs for at least one year. Where you use the real estate for a business purpose, the insurance must cover your loss of income for at least one year.

6.1.1.4. **Liability.** You will insure against general public liability in an amount agreed to by us.

6.1.1.5. **Other.** In addition to the specific requirements set out above, you will carry that insurance for all of the property that a careful owner would usually carry when insuring a similar property using it in a similar way and in a similar locality. You will also carry any insurance that any other agreement between you and us requires you to carry.

6.1.1.6. **Our requirements**. If we ask in writing, you will carry any kind of insurance relating to the property that we require you to carry.

6.1.2. General requirements as to insurance.

6.1.2.1. **Reasonableness.** Where this section 6.1 allows us to require anything or hold back our approval for anything, it does not allow

us to do so where you can show that what we require is unreasonable or that we are holding back approval unreasonably.

6.1.2.2. **Insurance against damage.** Your insurance against loss of or damage to a building or other property must be for the cost in Canadian dollars of replacing all of the building or property with a similar building or property. The policy must provide that the proceeds of any loss are payable to us and the insurer must, if we ask in writing, consent to the transfer of the benefit of the policy to us. Insurance on a building must contain a "Mortgage Clause" in the standard form approved by the Insurance Bureau of Canada. The policy must also contain any other term approved by insurers for the protection of a mortgage lender and a provision for us to receive at least 30 days notice before the policy is cancelled.

6.1.2.3. **Company and terms.** All insurance required by the mortgage must be with a reputable insurer. If we ask in writing, insurance must be with an insurer required by us. The policy must be for an amount and contain terms that a careful owner would usually require when insuring similar property, using it in a similar way and in a similar locality. If we ask in writing, the policy must also be for any amount or contain any other terms that we require.

6.1.2.4. **Compliance.** You will promptly pay the premiums and other costs for all insurance required by the mortgage, comply with all of your obligations in relation to the policy and comply with all of the terms relating to your right to collect under the policy.

6.1.2.5. **Proof.** You will, if we ask in writing, ensure that we receive a certified copy of every policy for the insurance required by the mortgage and every amendment to the policy. Where a policy expires, you will, if we ask in writing, ensure that we receive proof of the renewal or replacement at least 30 days before the expiry. You will, also if we ask in writing, provide us with a receipt for the premium and other proof that you are complying with your obligations as to insurance.

6.1.2.6. **New policy.** If we at any time ask in writing, you will cancel a policy and replace it with a policy approved by us and issued by an insurer approved by us.

6.1.2.7. **Claims.** If any of the property which is insured is lost or damaged, you will make a claim in accordance with the insurance policy and ensure that the proceeds are paid to us.

6.1.2.8. **Use of proceeds.** We may require the proceeds of all insurance against loss of or damage to property to be used either to reduce or pay payment obligations (even though they may not then have become payable), or to restore or replace the property, or partly in one way and partly in the other.

6.1.2.9. **Our right to insure.** If you do not comply with any of your obligations as to insurance in the mortgage, we may obtain any insurance that the mortgage requires you to obtain or any other insurance that we think is needed to protect our interest. We are not obliged to do so and have no responsibility to you for any insurance we obtain. If we shall pay any premiums or sums of money for insurance of the property or any part thereof, the amount of such payment shall be added to the debt secured by the mortgage.

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6.2. Taxes and other charges.

6.2.1. **Payment.** You will pay all property taxes when they are due. You will pay all other charges on the property when they are due. The charges include every mortgage, charge, lien, rent or other encumbrance on the property. If we ask in writing you will give us a receipt or other proof that you have paid every property tax and other charge. Notwithstanding the foregoing, you will submit to us within two weeks of the date upon which the last installment of property taxes is to be made in a calendar year, proof of the payment of all property taxes.

6.2.2. **Instalments of taxes.** Whenever we ask in writing, you will pay instalments to us to enable us to pay the property taxes on the real estate in accordance with the following provisions:

6.2.2.1. We may estimate the amount needed to pay any property taxes and decide when to pay them. We may decide to pay property taxes once or twice a year in advance, even if they can be paid more frequently. We may choose the period over which we wish to collect instalments of property taxes. The instalments will be monthly but if other payments by you are more frequent, we may require the instalments to be the same. We may then require you to pay us the estimated property taxes by the instalments during the period. If the period started before we began collecting the instalments, we may require you to pay a lump sum to cover previous instalments.

6.2.2.2. If we require you to pay instalments to us for property taxes, we will use the instalments to pay the property taxes. However, if any of the payment obligations has not been compiled with, we may use the instalments to reduce the payment obligations. If we have collected more than we need to pay the property taxes, we may keep the excess to pay future property taxes. If we have not collected enough to pay the property taxes, you will pay the shortfall when it is due, or we may pay it. If we pay it, you will pay us our expenses in doing so. If we wish, we may recover these expenses by increasing future instalments of property taxes.

6.2.2.3. If we require you to pay instalments for property taxes, you will promptly forward to us all bills for property taxes that you receive.

6.2.2.4. If we require you to pay instalments for property taxes, we will deal with the instalments in accordance with our normal administrative practice at the time for the same kind of mortgage.

6.3. **Maintenance of property.** You will put and keep the property in good repair. You will replace property that cannot be repaired.

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6.4. Alterations or additions.

6.4.1. **Restrictions.** You will not, without our prior written approval do any of the following things, even if the work was proposed or in progress when the mortgage was signed.

6.4.1.1. Make or permit a structural alteration, structural addition or major change to the real estate.

6.4.1.2. Remove any machinery or equipment that serves a building on the real estate.

6.4.1.3. Demolish a building on the real estate or do or permit anyone else to do anything that lowers the value of the real estate.

6.4.2. **Conditions.** Before giving approval, we may require you to provide us with plans and specifications prepared by a professional architect or engineer, draft contracts and other reasonable information relating to the work. We may make our approval subject to reasonable conditions.

6.5. Work on real estate.

6.5.1. **Obligations.** Where you are required or permitted to do work on the real estate, you will comply with the following obligations:

6.5.1.1. You will do the work in a good and workmanlike manner using good materials.

6.5.1.2. You will conform to any contracts, plans, specifications or other description that we may have approved and you will comply with any conditions to which our approval is subject.

6.5.1.3. You will do the work with reasonable speed and without interruption until it is completed, and you will not abandon it.

6.5.2. **Construction liens.** You will comply with all your legal obligations as to payment for any work on the real estate and you will comply with laws relating to construction liens. If a claim is made for a construction lien against your interest in the real estate, you will if we ask in writing immediately have it removed, by court order if necessary. If you fail to do so, we may have the lien removed and provide any security needed for the purpose. All expenses incurred by us pursuant to this section shall be reimbursed by you to us.

6.6. **Covenants and other obligations.** You will comply with every covenant, condition and other agreement that affects the property. You will also not do or permit and you will try to prevent anything that, under the terms of a covenant, condition or agreement, might detract from your interest in the property. You will pay us any loss we may suffer as a result of your failure to comply with this section. You will comply with your obligations under every mortgage, charge, lien, rent or other encumbrance on the property.

6.7. **Legal requirements.** You will ensure that the property and its use comply with every law.

6.8. Environmental matters.

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6.8.1. **Environmental law.** You will ensure that the real estate and every activity that is conducted on the real estate comply with every law dealing with the protection of the environment.

6.8.2. **Environmental risks.** You will take reasonable care not to do and to prevent anything on the real estate that harms the environment. You will not change or permit a change in the use of the real estate that materially increases the environmental risk relating to the real estate, unless we give our prior written approval to the change. We may make our approval subject to reasonable conditions, including security for clean-up costs, and you will comply with those conditions.

6.8.3. **Pollutants.** You will not put or allow anyone else to put a pollutant in or on any part of the real estate that causes or is likely to cause harm to the life or health of a human being.

6.8.4. **Information.** You will give us prompt written notice of any material fact of which you become aware and which relates to the status of the real estate under any law dealing with the protection of the environment or to any pollutant on or in the real estate. You will promptly give us a copy of any report that you prepare or receive and that relates to those matters.

6.8.5. **Right to Enter.** We will have the right to enter upon the real estate at all reasonable times for the purpose of conducting any environmental testing, assessment, investigation or study deemed necessary by us and will rectify any damage caused by such test. You agree that in exercising such rights, we or our agents shall not be considered to be in possession, management or control of the real estate.

6.8.6. **Consultants' Fees.** If we, or someone on our behalf, retains the services of any lawyer or any engineer, scientist or any environmental or other consultant in connection with any environmental matter, you shall pay the reasonable costs and fees thereby incurred if any such person or persons are retained as a result of any breach of law or in connection with any enquiry or investigation by a federal, provincial, municipal or local government or agency in connection with environmental law or if the services performed are reasonably necessary for the performance of our functions under this Mortgage or for the preservation or protection of the property.

6.8.7. **Failure to Pay Fees.** If you fail to pay the amount of all such costs or fees forthwith on demand by us, the amount of all such obligations, costs, charges, fees and expenses which we incur with respect to any matter referred to in Section 6.8.6 shall be added to the debt hereby secured and be a charge on the property and shall bear interest at the rate described in the Mortgage and shall be payable forthwith by you to us and in default of such payment we may exercise any and all of our remedies hereunder.

6.9. **Entering into leases and licenses.**

6.9.1. **Our approval required in some cases.**

6.9.1.1. Before entering into any of the following leases, you will obtain our written approval to the lease. The leases are:

A lease of more than 20% of all rentable areas on the real estate.

A lease at a rent of more than 20% of the total net rent from the real estate. The total net rent is the actual net rent for premises

then leased, the proposed net rent for the premises then being leased and the projected net rent for all other unleased premises.

A lease of premises which were previously leased, if the net rent under the lease is at a rate for the rentable area of less than 85% the rate under the previous lease.

A lease to a tenant not dealing at arm's length with you.

6.9.1.2. In calculating net rent under this paragraph, we may reduce the rent to take into account your expenses, such as for inducements. You will be bound by a calculation of the percentages under this paragraph that we make in good faith.

6.9.1.3. We will not withhold our approval to a lease unreasonably, except to a lease to a tenant not dealing at arm's length with you.

6.9.1.4. Our approving a lease does not mean that our interest is bound by it.

6.9.2. **Conditions.** You will not enter into a lease unless the lease satisfies the following conditions:

6.9.2.1. The lease is to a tenant, at a rent and on terms, that are reasonable to the landlord, and you have taken the steps in entering into the lease that would be taken by a prudent landlord.

6.9.2.2. The lease restricts the tenant's use of the premises to a use that is appropriate for the real estate.

6.9.2.3. The lease does not require the tenant to pay rent more in advance than monthly or make any other kind of advance payment to you for the benefit of the lease (except for any security deposit of not more than one month's rent).

6.9.2.4. The lease does not permit the tenant to deduct from the rent or from other payments due to the landlord under the lease any amount that the tenant may claim from the landlord.

6.10. **Dealing with tenants.**

6.10.1. We are not bound by any of the following things unless we give our prior written approval to them. We will not withhold our approval unreasonably. The things are:

6.10.1.1. A surrender or termination of a lease or an agreement to surrender or terminate a lease.

6.10.1.2. An amendment of or agreement to amend a lease, a release or waiver of the tenant's obligations under a lease, or a release of any of your remedies for a serious breach of the tenant's obligations under a lease.

6.10.2. You will not accept rent from the tenant under a lease more than one month in advance (except for a security deposit of not more than one month's rent).

6.11. **Our right to inspect.** You will permit us and anyone we authorize to enter the real estate at reasonable times to inspect it, to make tests of it and to take samples from it.

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6.12. **Proceedings affecting property.** You will immediately notify us in writing if anyone takes or threatens any action under any law relating to the property. This includes a court action (such as a construction lien claim), a proceeding before an administrative body (such as a zoning hearing or environmental assessment), an official action such as an order to comply with a by-law) or a notice of a failure to comply with an agreement that affects the property.

6.13. **Accounts statements and information.**

6.13.1. You will at all times keep records and accounts for the property in accordance with sound accounting practice. You will permit us and anyone we authorize to inspect these records and accounts at reasonable times and make a copy of them.

6.13.2. Within 90 days after the end of each financial year, you will give us all of the following:

6.13.2.1. A copy of financial statements prepared by a chartered accountant in accordance with generally accepted accounting principles and if we reasonably ask in writing, the statements must be audited by an independent firm of chartered accountants.

6.13.2.2. A separate statement setting out the income and operating expenses for the real estate.

6.13.3. The financial statements must be for anyone who is responsible for all or part of the payment obligations. This applies to:

6.13.3.1. Anyone who has guaranteed all or part of the payment obligations.

6.13.3.2. Where property is held by a trustee, anyone who is a beneficial owner of the property.

6.13.4. You will give us any other financial or other information about the property that you have or can reasonably obtain and that we ask for in writing. You authorize anyone else to give us information about the property.

6.13.5. We may require any records, accounts, statements or other information provided to us pursuant to Section 6.13 to be verified at your expense by Statutory Declaration(s) by you or, as the case may be, such of your directors as we may require.

6.14. **Conduct of business.** You will use, manage and operate the property in a reasonably prudent manner, and you will pay all expenses for doing so.

6.15. **Professional management.** If you do not comply with the previous section, we may give you a written notice requiring you to comply. If 30 days after the notice you are still not complying, we may give you a notice requiring you to use a manager chosen by us. You will then employ and use that manager to manage the real estate. You will pay the manager's remuneration and expenses.

6.16. **Persons other than you.** Where the property is occupied or used by another person, you agree that the person will comply with your obligations. You are not liable if the mortgage is subject to the person's rights and the rights prevent you from ensuring that the obligation is complied with, but this does not limit our rights to take action under part 7.

6.17. **Use of real estate.** You will not, without our prior written approval, make a major change in the use of the real estate. You will not abandon the real estate.

PART 7. ACTIONS WE CAN TAKE UNDER THE MORTGAGE

7.1. **When we can take action.** We can take action under this part after any of the following events has occurred:

7.1.1. A payment, or part of a payment, under any of the payment obligations is not made when it is due.

7.1.2. Any other obligation to us under the mortgage is not complied with.

7.1.3. Any of the statements made, or information given, to us under or in connection with the mortgage is materially incorrect. A statement or information may have been limited to what the person who made or gave it knew. However, we can take action under this part if we find that the matters in the statement or information are materially incorrect even though the person making the statement or giving the information did not know that it was incorrect, or had done what was reasonable to verify it.

7.1.4. Any obligation to us under any other agreement which relates to payment obligations is not complied with.

7.1.5. At any time during this mortgage:

7.1.5.1. The property or its use do not comply substantially with every law.

7.1.5.2. A part of the real estate is composed of a pollutant that causes or is likely to cause harm to the life or health of a human being.

7.1.6. Any other event occurs after which the mortgage says we can take action under this part.

7.2. **We may require obligations to be paid immediately.** When we can take action under this part, we may require immediate payment of payment obligations. The obligation to make the payment is, however, subject to any provision of a law which applies despite what you and we have agreed to in this section and which gives you a right to avoid the consequences of this requirement.

7.3. **We may take possession of property.** When we can take action under this part, we may take possession of the property.

7.4. **We may collect income from property.** When we can take action under this part, we may collect income from property.

7.5. **We may sell property.** When we can take action under this part, we may sell or dispose of the property. If the event which gives us the right to take action under this part is that a payment, or part of a payment, under any of the payment obligations is not made when it is due, we may not sell or dispose of the property unless 15 days have passed after the payment or the part of the

payment was not made and the payment has not been made in full. We may also ask a court to order a sale of the property.

7.6. **We may exercise the powers of an owner.** When we take possession of or collect income from the property, we may exercise all the powers of an owner of the property and you will be bound by our actions. These powers include the following. We may manage and operate the property and carry on a business relating to the property. We may make or continue a repair, alteration or addition to the property. We take legal proceeding relating to the property. We may borrow money or advance money for the purpose of exercising our powers. We may enter into contracts for the purpose of exercising our powers.

7.7. We may appoint a receiver (or receiver and manager).

7.7.1. **Appointment and removal.** When we can take action under this part, we may, in writing, appoint anyone to be a receiver or a receiver and manager as to the property on any terms, including remuneration, that we think are reasonable. References in the mortgage to a receiver include a receiver and manager. We need not obtain security from the receiver and are not limited by any law in our choice of the receiver. We may make the appointment even if we have taken possession of property and, when we do so, we will be treated as having gone out of possession. We may also, in writing, remove a receiver appointed by us. When we remove a receiver, we may appoint a new receiver.

7.7.2. **Effect of appointment.** A receiver appointed by us is considered to be your agent and not ours; the receiver's acts and defaults are considered your acts and defaults and not ours; and you alone are responsible for the receiver's acts and defaults and will pay the receiver's remuneration and expenses. Neither the appointment nor anything done by the receiver puts us in possession of property or makes us accountable for money except money we actually receive.

7.7.3. **Receiver's powers.** A receiver appointed by us has the following powers:

7.7.3.1. The receiver may exercise any right or power that we can exercise, except where the appointment restricts the receiver from exercising a right or power.

7.7.3.2. The receiver may use any legal right or remedy of yours or ours, in your name or ours, to collect income from the property.

7.7.3.3. The receiver may borrow money on the security of the property in priority to the mortgage for the purpose of exercising the receiver's powers.

7.7.4. **Use of money.** We may require the receiver to pay money received to us or we may direct the receiver to use it as follows:

7.7.4.1. To pay the receiver's remuneration and expenses.

7.7.4.2. To pay rents, property taxes, insurance premiums, costs of repair and other expenses relating to the property.

7.7.4.3. To pay money owing under a mortgage or other encumbrance having priority over the mortgage.

7.7.4.4. To pay or reduce any of the payment obligations.

7.7.4.5. To pay any of the money that remains to the person who, if the receiver had not been appointed, would have been entitled to it.

7.7.5. **Protection of receiver.** You release every receiver appointed by us from all claims against the receiver, unless they are caused by the receiver, unless they are caused by the receiver's dishonesty or gross neglect. You agree to pay every receiver all losses suffered by the receiver under liabilities the receiver incurs as receiver, except as far as they are caused by the receiver's dishonesty or gross neglect.

7.7.6. **Court receiver.** We may also ask a court to appoint a receiver.

7.8. **We may lease property.** When we can take action under this part, we may do the following things:

7.8.1. We may grant a lease.

7.8.2. We may terminate a lease, accept a surrender of a lease or agree to amend a lease.

7.9. **Distress. We** may levy distress on movable property that is on the real estate. When we can take action under this part, we may distrain to obtain payment of the payment obligations, as if they had been rent. This power is subject to restrictions imposed by law where the real estate is used for residential purposes. You waive any exemption from our right to distrain and any limit on it. Distraining does not put us in possession of the real estate and we need account only for money we actually receive.

7.10. **We may foreclose.** When we can take action under this part, we may take proceedings to foreclose the real estate.

7.11. We may ourselves carry out an obligation of yours.

7.11.1. **General.** When we can take action under this part, we may carry out any obligation with which you have failed to comply. We or anyone we authorize may enter the real estate for the purpose. Nothing we do under this section puts us in possession of the property.

7.11.2. **Prior mortgages etc.** When we can take action under this part, we may also pay a property tax or a mortgage, charge, lien, rent or other encumbrance on the property if it has priority over the mortgage. If we do so, we not only have the rights given to us by the mortgage, but we are also entitled to the rights of the person paid. If a person paid gives a discharge, we may hold it, without registering it, for longer than any period during which any law might otherwise require us to register it.

7.12. **We may recover expenses.** You will pay us all our expenses in collecting under the payment obligations and exercising our rights under this part.

7.13. **How we may exercise our powers.** When we exercise any of our powers under these terms, the following terms apply.

7.13.1. We may exercise the power as to all or part of the property or as to any interest in all or part of the property. We may exercise the power without obtaining any consent or co-operation from you. We may exercise the power even if we have not taken possession of the property. We may exercise the power to enter into a sale, lease or other transaction in any way and on any terms that we think are reasonable. For example, we may do so by private contract as well as by public auction or tender, and we may sell on credit as well as for cash.

7.13.2. We may do everything that we think proper relating to a sale, lease or other transaction. For example, we may enter into an agreement to enter into the transaction, bring an agreement to an end, enter into a new agreement or amend an agreement. At an auction we may set a reserve price or buy in to prevent a sale that we think is inappropriate. We may sign all documents that we think are necessary for the above purposes.

7.13.3. If we sell on credit, we need not account for the proceeds until we receive them.

7.13.4. We may transfer or deal in any other way with every interest in the property that you had the power to dispose of or deal with.

7.13.5. You will, at our request, do everything that we think is necessary or advisable to transfer your interest in the property or deal in any other way with it and you will pay our expenses for that.

7.13.6. Where a receiver exercises a right or power, this section applies as if all references to us were to the receiver.

7.14. **Other terms relating to our rights.**

7.14.1. **Legal requirements apply**. Our rights in this part are subject to our giving any notice required by any law that applies despite what you and we have agreed to. Subject to this and to the other terms of the mortgage, we may take any action under this part without notice.

7.14.2. **Other rights.** The rights set out in these terms are not exhaustive; we may exercise any other right given to us by the mortgage, any other agreement or the law.

7.14.3. **We may exercise more than one right.** We may exercise more than one of the rights given to us by the mortgage, any other agreement or the law at the same time, at different times and in any order we choose.

7.14.4. **Use of proceeds.** We may use money that we receive from taking action under this part to reduce or pay any of the payment obligations in whatever manner we decide.

7.14.5. **Shortfall.** If money we receive from taking action under this part falls short of the total payment obligations owing, we retain the right to recover the shortfall.

7.14.6. **Articles left on real estate.** If, when we take possession of real estate, you leave an article on it, you will pay a reasonable charge for storage. You will also pay any expenses we incur for the article. We may remove the article from the real estate. We are not liable for loss of the article or damage to it, however caused, even if intentionally or by gross negligence.

7.15. Protection of persons who deal with us or a receiver.

7.15.1. When we sell, grant a lease, collect income or enter into any other kind of transaction authorized by these terms with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered and that the transaction is not of a kind that we have the power to enter. When a receiver appointed by us enters into any kind of transaction with another person, that person and any person driving title under that person need only be satisfied that a discharge of the mortgage has not been registered, that we have signed a document purporting to appoint the receiver, that the transaction is of a kind that we have the power to enter

and that the transaction is not of a kind that the document signed by us restricts the receiver from entering. A statutory declaration by us or an officer of ours as to any fact set out in this paragraph will be conclusive evidence in favour of every person referred to above. Every such person may assume without inquiry that we can take action under this part, that we are using our powers properly and that the receiver issuing the receiver's powers properly. The person is not affected by the fact that a transaction is improper, even if the person actually knows of the fact. In particular, the person may do the following things:

7.15.1.1. The person may assume that there are outstanding payment obligations under the mortgage, that we have given any required notice and that any required time has passed.

7.15.1.2. The person may assume that an event has occurred which gives us the right to take action under this part, that we have given any required notice and that any required time has passed.

7.15.1.3. Where we or the receiver can take action under this part on terms that we or the receiver think are reasonable, the person may assume that the terms on which we or the receiver take action under this part are reasonable.

7.15.1.4. The person may pay money to us or the receiver without being concerned about what we or the receiver do with it.

7.15.2. Any transaction that conforms to the previous paragraph will bind you. You will not make any claim against the person who deals with us or the receiver or that person's successors on the ground that the transaction does not conform to other terms of the mortgage. If you do have a claim for anything done by us, it will be restricted to a claim for compensation against us.

7.16. **How our obligation to lend money is affected.** Despite any other agreement, we need not lend money, make an advance or make credit available in any other way during the following periods:

7.16.1. While we can take action under this part.

7.16.2. While any circumstances exist which would have given us the right to take action under this part if we had not been required to give notice or allow time to pass.

7.17. **Our protection.** We are not responsible for any loss arising in the course of our taking action under this part or exercising a right under any other term of the mortgage, even if it was caused by negligence, unless it results from our dishonesty or our gross neglect.

PART 8. OTHER TERMS

8.1. How various transactions or events affect us.

8.1.1. **The mortgage.** Our taking the mortgage or our advancing money under it does not put us under an obligation to lend money or to extend any other kind of credit. Nor does it add to any such obligation that we may have. The mortgage adds to our rights; neither the mortgage nor anything in it reduces the benefit to us of any other right we may have.

8.1.2. **Our rights.** A right of ours under the mortgage does not relieve you from a duty as to the property or put a duty on us. Nor does our exercising the right. In particular, the right or exercise does not mean

that we take over a duty based on possession, management or control. This subsection does not limit our rights.

8.1.3. **Other transactions.** Nothing in any other transaction between you and us takes away our rights under the mortgage. Nothing in the mortgage takes away our rights under any other transaction.

8.1.4. **Your selling or dealing with the property.** If you sell or deal in any other way with your interest in the property or part of it, you continue to be liable for your obligations under the mortgage, and our rights against you or anyone else are not affected.

8.1.5. **Subdivision of the real estate.** If the real estate is subdivided, each part of the property secures the total amount of the payment obligations.

8.1.6. **Our giving releases or discharges.** If we release anyone from an obligation or if we release any security, our rights against anyone else or under any other security are not affected. This applies when we agree to extent the time for payment of any of the payment obligations or to change their terms in any other way. It also applies when we discharge part of the property from the mortgage; if we do, the property not discharged secures the total payment obligations that remain owing. These terms apply whatever are the terms on which we give the release or discharge and even if we receive nothing in return. We are not liable to you for the release or discharge, except to account to you for money that we both actually received and accept to reduce the payment obligations.

8.1.7. **Our delaying taking action or waiving rights.** If we delay taking action under part 7 or exercising any other right under the mortgage or any other agreement, we do not lose or impair the right or any other right. If we waive a breach of any obligation under the mortgage or any other agreement. If we waive a right, we do not lose or impair any other right of ours. We will not be bound by an agreement that contains a waiver unless it is in writing and is signed by us.

8.1.8. **Our dealing with future owners.** After the mortgage is signed, a person may become an owner of the property and we may enter into an agreement with that person extending the time for payment of the payment obligations or changing the payment obligations in some other way. If so, we do not lose or impair our rights against anyone who had agreed to pay or had guaranteed the payment obligations. The same applies if we deal in any other with a new owner or deal in any way with any other person who has an interest in the property or part of it.

8.1.9. **Our obtaining a judgment.** If we obtain a court judgment for a failure to pay any of the payment obligations or to perform any other obligation, the judgment will not supersede the obligation, or detract from the obligation or our right to take action under part 6 We will continue to be entitled to interest under the payment obligations, calculated and payable as agreed, and the judgment may so provide.

8.2. **Your liability if there are more than one of you.** Where there is more than one of you, both or all of you are jointly and severally liable for the obligations of each of you under the mortgage.

8.3. **How the mortgage is affected if a term is invalid or unenforceable.** If a term of the mortgage is or becomes invalid or unenforceable, that does not make the mortgage or other terms invalid or enforceable. If our security is invalid or unenforceable as to part of the property or an interest in property, it remains valid or enforceable as to the remaining part or interest.

8.4. **Changes to the mortgage must be in writing.** We will not be bound by any change to the terms of the mortgage that detracts from our rights unless it is in writing and signed by us.

8.5. **We assume no additional responsibility.** Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on an appraisal we make as showing the value of property, on our requiring insurance as showing that it is appropriate, on an inspection as showing that property is without defect, or on our approving a lease as showing that it is advisable.

8.6. Notices or other communications.

8.6.1. **How we may give notices.** Where the mortgage requires or allows us to give a notices to any person (including you) or to communicate in any other way in writing with any person (including you), we may give the notice or communication in any of the following ways. We may deliver it personally to the person. If the person is a corporation or partnership, we may deliver it personally to anyone we reasonably believe to be a director, officer, general partner or responsible employee or agent of the corporation or partnership. We may leave it at the person's address last known to us with a grown-up person there or in a place where it should reasonably be seen by anyone at that address. We may mail it by prepaid mail addressed to the person at the person's mailing address last known to us. If it is given under part 7, the mailing must be registered. We may send it by fax or telex to the person's fax or telex number last known to us. We may advertise it in a newspaper published or generally read in the area where any part of the real estate is situated.

8.6.2. **Addressee.** A notice or communication is valid even though it is not addressed to anyone by name or description. It is also valid even though the person affected by it is not known, has not been identified or is under a disability.

8.6.3. **Time of receipt.** A notice or communication delivered, left or advertised in any of the ways set out above will be regarded as given to the person when it is so delivered, left or published. A notice or communication mailed as set out above will be regarded as given on the third business day after it was mailed, whether the person actually receives it or not. A notice or communication sent by fax or telex on a business day and before 3 p.m. in the place to which it is sent will be regarded as given on that day; otherwise it will be regarded as given on the next business day after it was sent.

8.6.4. **Law.** This section does not take from us the benefit of any provision of the law dealing with a notice or communication. In particular, a notice of sale will be validly given if it would be regarded as properly given under any law.

8.6.5. **Who is entitled to a notice of communication.** Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to either of the persons described below. This is so even though the expression "you" may include others or the notices of communication relates to property other than real estate. The persons are:

8.6.5.1. If your interest in the real estate or part of the real estate is not subject to a lease, a person that we believe is entitled to possession of the real estate or part.

8.6.5.2. If your interest in the real estate or part of the real estate is subject to a lease, a person that we believe is entitled to receive income from the tenant.

8.7. **How others are affected by the mortgage.**

8.7.1. Your obligations under the mortgage are binding on, and our obligations under it benefit your legal or personal representative and every person who after the mortgage is signed becomes the holder of an interest or right in the property or a part of it. Wherever the mortgage refers to you, that includes every such representative and person.

8.7.2. The mortgage is binding on and benefits our legal or personal representative and every other person who after the mortgage is signed becomes the holder of an interest or right in the mortgage or a part of it. Wherever the mortgage refers to us, that includes every such representative and person. Your specifically agree that the representative or person has the powers that the mortgage gives to us.

8.7.3. You agree that, without your consent, the benefit of all or part of our rights, or any interest in or power relating to all or part of our rights, under this mortgage or under any existing or future security, guarantee or other right relating to the subject matter of this mortgage, may be transferred by us to other persons or otherwise dealt with by us, free from any set-off, counterclaim or other equity or claim. Any information received by us may be disclosed to others. Everything to facilitate a transfer or dealing that may be requested in writing will be done at the expense of the person requesting it. If a transferee of all or part of our rights agrees to assume any obligation of ours relating to those rights, we will be released from liability for the obligation.

8.7.4. **Informing us.** If you transfer your interest in the real estate or any part of it, you will promptly inform us in writing of the transfer prior to the transfer and of the full names and address of every transferee, a copy of the most recent financial statements for every transferee, the date of the proposed transfer and the consideration for the transfer. If the transferee is a trustee, the same information is to be provided for all beneficiaries of the trust.

8.7.5. **Obtaining agreement.** Before you transfer your interest in the real estate or any part of it to another person, you will have the person enter into a written agreement with us. In the agreement, the person must agree to pay the payment obligations and comply with all of your obligations under the mortgage and you agree that you shall not be released from your obligations under this mortgage unless we expressly agree to release you. You will deliver the agreement to us immediately after the transfer. You shall pay our solicitor's fees with respect to the preparation of this agreement together with our administration fee for same.

8.8. **Terms included by law.** Subsection 7(1) of the Land Registration Reform Act includes terms in a mortgage unless the mortgage excludes them. Neither those terms nor any similar terms in any future law are included in the mortgage.

DATED June 11, 1999.

Baker & McKenzie

Name: Caleb J. Hayhoe
Title: Partner

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 999 Cotz

ONTARIO OPEN PREPAYMENT FIXED RATE CONVENTIONAL AND INSURED MORTGAGE
Land Registration Reform Act
SET OF STANDARD CHARGE TERMS

FILED BY BANK OF MONTREAL FILING NUMBER.....

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided by section 9 of the Act.

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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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2. DEFINITIONS

In this set of standard charge terms and in the Mortgage:

(a) "Act" means the Land Registration Reform Act and any amendments thereto in effect at the time of execution and delivery of the Mortgage.

(b) "Actual Mortgage Rate" means the interest rate per annum calculated in accordance with the applicable interest calculation period, not in advance, all as set out in the Mortgage and applicable, as well after as before maturity, default, and judgment.

(c) "Debt" means all present and future indebtedness and liability owing by the Mortgagor to the Mortgagee pursuant to or in respect of the Mortgage including, without limitation, all principal, any additional principal amount or amounts advanced in accordance with subparagraph 3(b), interest, compound interest, Taxes and costs.

(d) "Default" is defined in paragraph 20.

(e) "Effective Date" means the date on which the amendments in the applicable mortgage amending agreement take effect.

(f) "Guarantor" means the person or persons, if any, executing the Mortgage (including any Schedule) or any guarantee as guarantor, guaranteeing to the Mortgagee payment of the Mortgagor's indebtedness to the Mortgagee pursuant to or in respect of the Mortgage.

(g) "Interest Adjustment Date" means the first day of the month preceding the month in which the first instalment of principal and interest is due, if such instalments are paid monthly; or the first day of the month in which the first instalment of principal and interest is due, if such instalments are paid more frequently than monthly.

(h) "Maturity Date" means the date on which the balance of the principal amount owing under the Mortgage is due and payable.

(i) "Mortgage" means the applicable mortgage or charge, as amended from time to time, in which this set of standard charge terms is included by reference therein to its filing number (whether or not any provisions of this set of standard charge terms are excluded from such mortgage or charge) and includes all Schedules thereto, as amended from time to time and, for greater certainty, includes the provisions of this set of standard charge terms (except for any such provisions excluded from such mortgage or charge).

(j) "Mortgaged Land" means the real property described in the Mortgage, all tenements, hereditaments and appurtenances with respect thereto and all estates and interests therein, and for greater certainty includes all buildings, plant, machinery, erections and improvements, fixed or otherwise, present or future, built, placed or put thereon including, without limitation, all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings, all other apparatus and equipment appurtenant thereto, and all other fixtures, accessions and accretions of any kind or nature.

(k) "Mortgagee" means Bank of Montreal and its successors and assigns.

(l) "Mortgagor" means the person or persons so identified in the Mortgage and his, her or their Successors and assigns, as the case may be.

(m) "Non-Residential Mortgaged Land" means Mortgaged Land which:

(i) is vacant;

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(ii) consists of commercial or industrial land;

(iii) has constructed thereon premises comprising seven or more dwelling units; or

(iv) consists of a rental housing project as defined in the National Housing Act.

(n) "Other Claims" is defined in subparagraph 6(d) hereof.

(o) "Prior Mortgage" means a mortgage referred to in subparagraph 6(d) hereof.

(p) "Schedule" means a schedule to the Mortgage.

(q) "Successor" means an heir, executor, administrator or successor.

(r) "Taxes" means all taxes, rates and assessments, whether federal, provincial, municipal or otherwise, with respect to the Mortgaged Land.

(s) "Term of the Mortgage" means the period commencing on the Interest Adjustment Date and ending on the Maturity Date.

3. OPERATION OF MORTGAGE

Mortgage of Mortgaged Land and Assignment of Rents and Leases

(a) In consideration of the principal amount set out in the Mortgage paid to the Mortgagor, or of such portion thereof as may be advanced from time to time (the receipt and sufficiency of which are acknowledged by the Mortgagor), upon execution and delivery of the Mortgage, the Mortgagor mortgages and charges the Mortgaged Land to and in favour of the Mortgagee and the Mortgagor assigns to the Mortgagee all existing and future leases, tenancy agreements and other similar agreements of all or any part of the Mortgaged Land granted by the Mortgagor or any predecessor of the Mortgagor as landlord and all rents and other similar amounts now or hereafter paid or payable to the Mortgagor in respect of all or any part of the Mortgaged Land:

(i) as security for payment to the Mortgagee when due of all Debt including, without limitation:

A. the principal amount outstanding pursuant to the Mortgage from time to time;

B. interest accruing on such principal amount at the Actual Mortgage Rate; and

C. all other amounts payable pursuant to or secured by the Mortgage from time to time as determined by reference to the provisions of the Mortgage or otherwise determined in accordance with the law including, without limitation, compound interest payable by the Mortgagor pursuant to the provisions hereof and interest on any late payments,

all calculated and payable as provided by the Mortgage; and

(ii) as security for the observance and performance of all other obligations of the Mortgagor pursuant to or in respect of the Mortgage.

Subject to the provisions of the Mortgage, the Mortgagor releases to the Mortgagee all the Mortgagor's claims upon the Mortgaged Land.

Additional Principal Advances Secured

(b) The Mortgagee may, from time to time in the Mortgagee's sole discretion, lend additional principal amounts to the Mortgagor provided the principal amount at any time owing by the Mortgagor to the Mortgagee and secured by the Mortgage shall not exceed the principal amount set out in the Mortgage and provided further that the Mortgagor delivers to the Mortgagee a letter, agreement or instrument wherein the Mortgagor refers to such additional principal amount and the Mortgage or wherein the Mortgagor agrees that such principal advance is made pursuant to the Mortgage or agrees that such principal amount shall be secured by the Mortgage. Each such principal amount, all interest accrued thereon and all other amounts owing by the Mortgagor to the Mortgagee with respect thereto shall be included as Debt, the payment thereof by the Mortgagor to the Mortgagee shall be secured by the Mortgage and each provision of the Mortgage shall apply thereto. The foregoing shall apply whether or not the principal amount of the Mortgage is from time to time reduced and thereafter increased or paid in full and thereafter incurred again. Nothing herein shall obligate the Mortgagee to lend any principal amount.

Continuation of Mortgage

(c) The Mortgage shall continue in full force and effect in accordance with its terms until the Mortgagee delivers a discharge of the Mortgage.

Mortgage Assignable by Mortgagee

(d) For greater certainty, the Mortgage and the Debt are assignable by the Mortgagee, and payment of amounts secured by the Mortgage to the Mortgagee in circumstances wherein it is intended that the Mortgage be assigned and not discharged, shall not cause the Mortgage to cease to operate nor entitle the Mortgagor to a discharge of the Mortgage.

Discharge

(e) The Mortgage is given upon the express condition that if the Mortgagor duly pays or causes to be paid to the Mortgagee the Debt in full without any deduction or abatement, as and when the same is due, and duly observes and performs all other obligations of the Mortgagor pursuant to or in respect of the Mortgage, and the Mortgagee has no obligation to lend any amount to the Mortgagor, then the Mortgagee shall, after receipt of the Mortgagor's written request therefor, deliver to the Mortgagor a discharge of the Mortgage.

Foreclosure Right

(f) The right of foreclosure is hereby expressly given and reserved to and retained by the Mortgagee in the same manner and to the same extent as if the Mortgagor had transferred the Mortgaged Land to the Mortgagee by way of mortgage subject to a proviso for redemption.

4. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST

The principal amount of the Mortgage, interest thereon and all other amounts payable under the Mortgage shall be paid at the branch or banking unit of the Mortgagee with which the Mortgagor is dealing or which is designated by the Mortgagee in writing.

Interest to Interest Adjustment Date

(a) The Mortgagor shall, on the Interest Adjustment Date, pay interest at the Actual Mortgage Rate on the principal amount of the Mortgage or such part thereof advanced by the Mortgagee to the Mortgagor from the date of advance until the Interest Adjustment Date, provided that, at the Mortgagee's request, the Mortgagor shall pay interest monthly on the first day of each month at the Actual Mortgage Rate on the principal amount or part thereof advanced by the Mortgagee to the Mortgagor from the date of advance until the Interest Adjustment Date and provided further that, at the Mortgagee's option, any accrued interest may be deducted from any principal advance.

Payments of Principal and Interest

(b) The Mortgagor shall pay to the Mortgagee the principal amount of the Mortgage and interest thereon at the Actual Mortgage Rate from and including the Interest Adjustment Date in equal instalments in the amount set out in the Mortgage, commencing on the first payment date set out in the Mortgage and ending on the last payment date set out in the Mortgage, and shall pay the balance, if any, of the principal amount, interest and other outstanding amounts secured by the Mortgage on the Maturity Date (unless such amounts are payable hereunder at an earlier date).

Interest After Default

(c) In default of payment when due of any amount payable pursuant to the Mortgage whether on, before or after the Maturity Date or judgment, and until such amount is paid, the Mortgagor shall pay to the Mortgagee interest at the Actual Mortgage Rate on such amount and such interest shall be paid on the first day of each month. In the event any such amount unpaid and interest thereon as aforesaid, or any part thereof, is not paid within the current interest calculation period specified in the Mortgage and without in any way waiving any demand or requirement that such arrears and interest be paid, a rest shall be made as at the end of the interest calculation period and as at the end of each subsequent interest calculation period until all such arrears and all interest are paid. Compound interest at the Actual Mortgage Rate shall, after each rest, be payable on the aggregate amount of arrears and interest then owing including any compound interest then due, and shall be due on the first day of the month next following the end of such interest calculation period and thereafter on the first day of each month until paid, and so on from time to time until all such arrears, interest and compound interest are paid. All amounts payable under this provision, whether for principal, interest, compound interest or otherwise shall be secured by the Mortgage on the Mortgaged Land.

Application of Amounts Received by Mortgagee

(d) All amounts paid by the Mortgagor to the Mortgagee (unless otherwise agreed in writing) shall, prior to default by the Mortgagor, be applied firstly to reduce compound interest, secondly to reduce interest (other than compound interest), thirdly to reduce principal and fourthly to reduce any other amount owing by the Mortgagor to the Mortgagee. All amounts paid by the Mortgagor to the Mortgagee (or otherwise received by the Mortgagee) after default by the Mortgagor shall be applied in the manner determined by the Mortgagee in its sole discretion.

5. OPEN PREPAYMENT PROVISIONS

(a) The Mortgagor shall not be entitled, subject to subparagraph (b), to prepay any amount of principal under the Mortgage, except that, subject to subparagraphs (c) and (d):

(i) the Mortgagor shall be entitled, when not in default under the Mortgage, to prepay at any time or times, without notice and without payment of bonus, an amount or amounts of principal, provided that each amount of principal prepaid shall not be less than $100.00; and

(ii) the Mortgagor shall be entitled, when not in default under the Mortgage, upon the execution by the Mortgagor of a mortgage amending agreement in form and substance satisfactory to the Mortgagee:

A. to increase once in each calendar year the amount of the instalment of principal and interest payable under the Mortgage, provided that such increase does not exceed 15% of the amount of the instalment of principal and interest payable by the Mortgagor immediately prior to such increase; or

B. after any increase pursuant to subparagraph A. hereof, to decrease once in each calendar year (including the year in which such increase occurred) the amount of the instalment of principal and interest payable under the Mortgage, provided that the original amortization period of the Mortgage is not extended as a result of such reduction;

provided further that the rights referred to in subparagraphs (ii)A. and (ii)B. are not cumulative.

(b) If the Mortgagor is not a corporation, the Term of the Mortgage is longer than five years and the Mortgaged Land is Non-Residential Mortgaged Land, the Mortgagor shall be entitled to prepay any amount of principal after the fifth year of the Term of the Mortgage, provided the Mortgagor pays to the Mortgagee an additional amount equivalent to three months' interest at the Actual Mortgage Rate on the amount of such principal prepayment. For all purposes of the Mortgage, the date of the Mortgage shall be the Interest Adjustment Date and the Interest Adjustment Date shall be the date specified by the definition of "Interest Adjustment Date".

(c) Notwithstanding any other provision of the Mortgage, the Mortgagor shall not be entitled to prepay any amount of principal (except to the extent permitted by subparagraph (b)) or increase the amount of the instalments payable under the Mortgage if the Mortgaged Land is Non-Residential Mortgaged Land.

(d) In the event any prepayment is made, the payment dates and the amount of all remaining instalments shall continue unaffected by the prepayment so that the Mortgagor shall pay the instalments provided for in the Mortgage when due until all amounts owing under the Mortgage have been fully paid.

6. EXPRESS COVENANTS BY MORTGAGOR

The following covenants shall be deemed included as covenants of the Mortgagor, in every Mortgage in which this set of standard charge terms is referred to by its filing number, except to the extent that such covenants are expressly amended or excluded from the Mortgage by the provisions of the Mortgage, and the following covenants shall be construed and applied as covenants made by the Mortgagor for the Mortgagor and the Mortgagor's Successors and assigns to and in favour of the Mortgagee, its successors and assigns, to the same extent as if set out as such in the Mortgage executed and delivered by the Mortgagor.

Payment of Principal and Interest

(a) The Mortgagor shall pay to the Mortgagee all Debt and all other amounts secured by or payable under the Mortgage, as and when the same become due in lawful money of Canada, without deduction or set-off of any kind.

Observance and Performance of Provisions

(b) The Mortgagor shall duly and punctually observe and perform all the provisions of the Mortgage which are to be observed and performed by the Mortgagor.

Taxes

(c) The Mortgagor shall promptly pay or cause to be paid all Taxes as they become due and, without limiting the foregoing:

(i) the Mortgagee may deduct from the final advance of the principal moneys an amount sufficient to pay the unpaid Taxes which have become or will become due and payable on or before the Interest Adjustment Date;

(ii) after the Interest Adjustment Date the Mortgagor shall pay to the Mortgagee in instalments on the dates on which instalments of principal and interest are payable pursuant to the Mortgage, sums sufficient to enable the Mortgagee to pay the whole amount of Taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof;

(iii) where the period between the Interest Adjustment Date and the next following annual due date or first instalment due date for Taxes is less than one year, the Mortgagee may, at the Mortgagee's option, require the Mortgagor to pay to the Mortgagee in equal instalments, on each date on which an instalment of principal and interest is payable pursuant to the Mortgage, during such period and during the next succeeding twelve months' period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said twelve months' period, all Taxes which shall become due and payable during the said two periods and during the balance of the calendar year in which the said twelve months' period expires; and the Mortgagor shall also pay to the Mortgagee on demand the amount, if any, by which the actual Taxes exceed such estimated amount;

(iv) subject to subparagraph 6(c)(iii) hereof, the Mortgagor shall pay to the Mortgagee on each date on which an instalment of principal and interest is payable pursuant to Mortgage:

A. one-fifty-second of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if the payment date and period specified in the Mortgage is Friday of every week; or

B. one-twenty-sixth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if the payment date and period specified in the Mortgage is Friday of every second week; or

C. one-twenty-fourth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date if the payment dates and period specified in the Mortgage is the first and fifteenth days of every month; or

D. one-twelfth of the annual amount (as estimated by the Mortgagee) of the Taxes becoming due and payable during the next succeeding year after such instalment due date, if the payment date and period specified in the Mortgage is the first day of every month,

and the Mortgagor shall also pay to the Mortgagee on demand, the amount, if any, by which the actual Taxes exceed such estimated amount; and

(v) the Mortgagor shall pay to the Mortgagee on demand interest, at the Actual Mortgage Rate, on the debit balance, if any, of the Mortgagor's tax account outstanding after payment of Taxes by the Mortgagee, until such debit balance is fully repaid; and the payment of such interest shall be secured by the Mortgage.

The Mortgagee shall apply such payments to pay Taxes only so long as a Default has not occurred but nothing herein shall obligate the Mortgagee to apply such payments on account of Taxes more often than yearly. If, before a sum or sums so paid to the Mortgagee shall have been so applied, there shall be a Default, the Mortgagee may apply such sum or sums in or towards payment of any part or parts of the Debt as the Mortgagee may determine. The Mortgagor shall transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith after receipt of same.

Good Title and Free From Encumbrances

(d) At the time of execution and delivery of the Mortgage, the Mortgage is subject only to any prior mortgage to which the Mortgagee has consented in writing (hereinafter individually or collectively, as the case may be, called the "Prior Mortgage"); the Mortgagor is the legal and beneficial owner of, and has a good, absolute and indefeasible title and estate in fee simple to the Mortgaged Land (or, if paragraph 23 applies to the Mortgage, a good and absolute leasehold interest in the Mortgaged Land), without any encumbrance, lien, charge, mortgage, reservation, limitation, proviso or condition whatsoever except those contained in the original grant thereof from the Crown; and the Mortgagor has good right, full power and lawful and absolute authority to mortgage and charge the Mortgaged Land to the Mortgagee in accordance with the provisions of the Mortgage; and the Mortgagor has not done, omitted or permitted anything whereby the Mortgaged Land or the Mortgagor's estate, right, title or interest therein is or may be alienated, encumbered, liened, charged, mortgaged, impeached or affected except for the Mortgage and any Prior Mortgage; and the Mortgagor agrees that, except for any Prior Mortgage, the Mortgagor shall keep the Mortgaged Land (or, if paragraph 23 applies to the Mortgage, the Mortgagor's leasehold interest therein) free and clear of and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the Mortgaged Land, arrears of Taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions, and rights (which encumbrances, liens, charges and mortgages including each Prior Mortgage, if any, are hereinafter collectively called "Other Claims")

Payments by Mortgagee of Other Claims

(e) The Mortgagee may pay the whole or any part of any Other Claims at any time having priority over the Mortgage. The amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate. The Mortgagee shall be entitled to the equities, rights and securities of the person or persons so paid and to obtain an assignment of any Other Claims so paid and of any right to payment, and the Mortgagee is authorized to retain any discharge of any Other Claims, without registration, until payment to the Mortgagee in full of such Other Claims.

Insurance

(f) The Mortgagor (or if the Mortgaged Land includes a condominium unit, the applicable condominium corporation) shall, at the Mortgagor's sole expense (or such condominium corporation's sole expense), forthwith insure and during the continuance of the Mortgage keep insured in favour of the Mortgagee against loss or damage by fire, lightning and tempest and such other risks and perils as the Mortgagee may require including risks and perils covered by an "all risks" policy with standard extended coverage, each and every building now or hereafter erected on the Mortgaged Land, both during erection and thereafter, and also crops and other personal property or produce of land which may be charged by the Mortgage, for the full replacement cost thereof, and in an amount sufficient to avoid the application of any co-insurance provisions. Furthermore, in the case of commercial, industrial and/or income producing properties, this covenant shall also include, without limitation, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Mortgagee. Without limiting the foregoing and in addition thereto:

(i) Prior to any advance of principal, the Mortgagor shall deliver to the Mortgagee a certified copy of each policy of insurance and receipts evidencing the payment of premiums for such insurance, and each such policy shall contain a standard mortgage clause approved by the Mortgagee, shall have provisions satisfactory to the Mortgagee and shall be issued by an insurer or insurers satisfactory to the Mortgagee; if the Mortgaged Land includes a condominium unit, the Mortgagor or the applicable condominium corporation shall assign, transfer and deliver to the Mortgagee certificates of insurance and insurance proceeds with respect to such unit; if any policy or any insurer at any time ceases to be satisfactory to the Mortgagee, the Mortgagor shall effect such new insurance as the Mortgagee may require.

(ii) Each policy shall contain an undertaking by the insurer to notify the Mortgagee in writing not less than fifteen days prior to any material change, cancellation, failure to renew or termination thereof.

(iii) At least fifteen days prior to the expiry of a policy or at least five days prior to the date fixed for cancellation of a policy should notice of cancellation be given, the Mortgagor shall deliver to the Mortgagee evidence of renewal or replacement therefor.

(iv) The loss under each policy shall be made payable to the Mortgagee as beneficiary and mortgagee as its interest may appear with preference in its favour over any claim of any other person or persons.

(v) In the event of failure on the part of the Mortgagor to fulfill any obligation of the Mortgagor under subparagraph 6(f) hereof, the Mortgagee shall be entitled (but shall not be obligated), unless such failure is rectified within two days after written notice by the Mortgagee to the Mortgagor of such failure, to effect such insurance as it deems proper and the Mortgagor shall promptly pay to the Mortgagee, on the then next date on which interest is payable by the Mortgagor, all premiums paid by the Mortgagee and such amount payable by the Mortgagor shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

(vi) If the Mortgaged Land includes a condominium unit, the Mortgagor shall (and shall cause the applicable condominium corporation to) comply with all provisions of the applicable policy, observe and perform all duties and obligations imposed by statute or by the applicable condominium declaration and by-laws and, without limitation, comply with all the insurance provisions of the declaration and the Mortgagor, if a member of such condominium corporation, shall seek full compliance by such condominium corporation with all such covenants.

(vii) In case of any loss or damage, the Mortgagor shall, at the Mortgagor's sole expense, immediately notify the Mortgagee of such loss or damage, fully comply with all provisions of the applicable policy, and furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of all insurance moneys. Production of the Mortgage shall be sufficient authority for any insurer concerned (and such insurer is hereby directed by the Mortgagor) to pay any such loss to the Mortgagee. The Mortgagee shall have the right in its sole discretion, to the extent permitted by law, to apply the moneys in whole or in part in and to any one or more of the following:

A. in reduction of the Debt, including any principal amount outstanding under the Mortgage notwithstanding that such amount at such time may not be due and payable;

B. in payment of costs of rebuilding, reinstating, repair or reconstruction; or

C. in payment to subsequent encumbrancers entitled thereto, the Mortgagor or assigns thereof, as their interests may appear.

No damage to the insured property shall be repaired or any reconstruction effected without the prior written approval of the Mortgagee.

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(viii) As additional and separate security for payment of the Debt and all other indebtedness secured by the Mortgage, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee, all the Mortgagor's present and future interests in and to all such present and future insurance policies and all proceeds therefrom.

Further Assurances

(g) The Mortgagor and each and every person having or claiming to have an estate, right, title, interest or trust of, in or to the Mortgaged Land shall, at any time and from time to time, make, execute and deliver or cause to be made, executed and delivered to the Mortgagee such further and other reasonable acts, deeds, conveyances and assurances as may be required to fully and effectually carry out the true intention and meaning of the Mortgage and the provisions included in the Mortgage and the reasonable cost of such further assurances shall be added to the Debt.

Liens

(h) The Mortgagor shall, within twenty-one days after a request by the Mortgagee to do so, cause to be discharged all construction lien claims registered against the Mortgaged Land.

Discharge of Part of Mortgaged Land

(i) The Mortgagee may at its discretion, subject to the provisions of applicable law, from time to time release or discharge any part or parts of the Mortgaged Land, any other security or any guarantor or surety for the Debt either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing or discharging the Mortgagor, any other part of the Mortgaged Land, other security, or other guarantor or surety from the Mortgage or from any covenants contained or incorporated in the Mortgage and without being accountable to the Mortgagor for the value thereof or for any money other than that actually received by the Mortgagee, and every part or lot into which the Mortgaged Land is or may hereafter be divided shall continue to be mortgaged and charged with the whole amount of the Debt.

Granting of Time, etc.

(j) The Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Mortgagor, any guarantor or surety, and all other persons and securities as the Mortgagee may see fit without prejudicing any of the rights of the Mortgagee under the Mortgage.

Waste

(k) The Mortgagor shall not permit waste to be committed or suffered on the Mortgaged Land or any part thereof and shall maintain the buildings, erections, fixtures and other improvements on the Mortgaged Land in good order and repair to the satisfaction of the Mortgagee.

Alterations

(l) The Mortgagor shall not, subject to subparagraph (m), make or permit to be made, any alterations or additions to the Mortgaged Land or any buildings thereon without the prior written consent of the Mortgagee and the Mortgagor will not allow the Mortgaged Land to remain unoccupied or unused.

Compliance with Laws, Good Condition, Inspection and Repairs

(m) The Mortgagor shall comply with all laws, by-laws and regulations affecting the Mortgaged Land, and with all orders, directives and requirements of any governmental authority or agency having jurisdiction and, at the Mortgagor's own expense, shall promptly and in a good and workmanlike manner make all improvements, alterations and repairs and effect any change in use that may be required from time to time to effect such compliance. The Mortgagor shall maintain the Mortgaged Land and all buildings, fixtures and other improvements on the Mortgaged Land in good condition and repair. The Mortgagee or any agent thereof may from time to time enter upon the Mortgaged Land and inspect the same and make such repairs as the Mortgagee deems necessary without being deemed to be a mortgagee in possession. The Mortgagor shall, on demand by the Mortgagee, reimburse the Mortgagee for all reasonable costs of such inspection and repairs and such amounts owing by the Mortgagor shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

Advance of Principal

(n) If any portion of the principal amount to be advanced by the Mortgagee and secured by the Mortgage is not advanced at the date of registration of the Mortgage, the Mortgagee may advance the same in one or more sums at any future date or dates and the amount of each such advance shall be secured by the Mortgage and be repayable with interest at the Actual Mortgage Rate and for all purposes of priority shall be considered and treated as having been so secured and advanced at the date of

registration of the Mortgage. For greater certainty, where such subsequent advances are part of the principal amount contemplated by the Mortgagee at the time the Mortgage is granted, the letter, agreement or instrument referred to in subparagraph 3(b) shall not be required in order to effect the foregoing. None of the preparation, execution, delivery or registration of the Mortgage, or the advance in part of the principal amount of the Mortgage shall obligate the Mortgagee to advance the whole of the principal amount or any unadvanced portion thereof but nevertheless the Mortgage shall take effect forthwith on the execution and delivery of the Mortgage by the Mortgagor.

Waiver

(o) No waiver, condonation or excusing by the Mortgagee of any default, breach or other non-performance by the Mortgagor at any time or times hereunder shall operate as a waiver by the Mortgagee of a subsequent default, breach or non-performance or adversely affect in any way the rights of the Mortgagee hereunder.

Effect of Sale

(p) No sale, conveyance, transfer or other dealing by the Mortgagor with the Mortgaged Land or any part thereof or any approval of the Mortgagee relating thereto shall, subject to paragraph 16, in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor, any guarantor or surety, or any other person or persons liable for payment of the Debt.

Extension of Time and Amendments

(q) No extension of time given by the Mortgagee to the Mortgagor or anyone claiming under the Mortgagor or any other amendment to the Mortgage or any other dealing by the Mortgagee with the owner of the Mortgaged Land shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor or surety, or any other person or persons liable for payment of the Debt. The Term of the Mortgage may be extended, the terms of payment changed and any other amendments effected by a written agreement between the Mortgagor and the Mortgagee with or without an increased rate of interest. Such amendment agreement need not be registered, but shall bind the Mortgaged Land. The priority of the Mortgage as extended and amended vis à vis subsequent transferees and encumbrancers shall remain unchanged whether or not such amendment agreement is registered. Nothing herein shall confer on the Mortgagor any right to an extension or amendment of the Mortgage.

Discharge or Assignment

(r) The Mortgagee shall be entitled to prepare or have its counsel prepare a discharge or assignment of the Mortgage and any other documents necessary to discharge or assign any security held by the Mortgagee and shall have a reasonable time after payment of all Debt within which to prepare, execute and deliver such documents. Interest at the Actual Mortgage Rate shall continue to accrue to the date of receipt of such payment in full. All reasonable fees and expenses of the Mortgagee and all reasonable fees and disbursements of the Mortgagee's counsel in connection with the preparation, review, execution and delivery of such documents shall, to the extent permitted by law, be paid by the Mortgagor to the Mortgagee as a condition precedent to the delivery of such documents.

Other Security

(s) The Mortgage is in addition to and not in substitution for any other security at any time held by the Mortgagee for all or any part of the Debt, and the Mortgagee may, at its option, pursue its remedies thereunder, under the Mortgage or at law concurrently or successively. Any judgment or recovery under the Mortgage or under any other security held by the Mortgagee for the Debt shall not affect the right of the Mortgagee to realize upon the Mortgage or any other such security.

Fixtures

(t) For greater certainty, all erections and improvements fixed or otherwise now on or hereafter put on the Mortgaged Land, including without limiting the generality of the foregoing, all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings and all other apparatus and equipment appurtenant thereto and all accessions and accretions of any kind or nature are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Mortgaged Land.

Expenses

(u) The Mortgagor shall pay to the Mortgagee, on demand by the Mortgagee, an amount equivalent to all expenses paid or incurred by the Mortgagee in respect of the Mortgage or the Mortgaged Land including, without limitation:

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(i) solicitor's, inspector's, valuator's and surveyor's fees and expenses (including all such fees and expenses incurred in valuing the Mortgaged Land, preparing and registering the Mortgage, investigating the Mortgaged Land or title thereto, and making or maintaining the Mortgage as a first mortgage and charge of the Mortgaged Land);

(ii) insurance premiums, Taxes, and amounts paid in respect of any Prior Mortgage, Other Claims, liens, charges, encumbrances or claims charged or to be charged against the Mortgaged Land;

(iii) costs of maintaining, repairing, restoring or completing the Mortgaged Land;

(iv) costs of inspecting, leasing, managing or improving the Mortgaged Land, including the price of any goods of any sort or description supplied to be used on the Mortgaged Land; and

(v) costs of exercising or enforcing or attempting to exercise or enforce any right, power, or remedy pursuant to the Mortgage or otherwise including all legal costs, on a solicitor and his or her own client scale, and any costs of consultants or other advisers to the Mortgagee in connection with such enforcement,

whether such amounts are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise and whether or not any principal amount is advanced. All such amounts shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

Moneys Received

(v) The Mortgagee shall not be accountable for any amounts except those actually received by the Mortgagee.

Change in Spousal Status

(w) After any change or event affecting any of the following, namely,

(i) the spousal status of the Mortgagor;

(ii) the qualification of the Mortgaged Land as a matrimonial home; or

(iii) the ownership of the Mortgaged Land,

the Mortgagor will forthwith advise the Mortgagee accordingly in writing and furnish the Mortgagee with full particulars thereof, the intention being that the Mortgagee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the Mortgaged Land and of any spouse who is not an owner but who has a right to possess the Mortgaged Land. In furtherance of such intention, the Mortgagor shall furnish the Mortgagee with such evidence in connection with any of subparagraphs (i), (ii) and (iii) of this provision as the Mortgagee may from time to time request.

Environmental Inspection and Testing

(x) The Mortgagee, agent of the Mortgagee, or agent of the applicable mortgage insurer may, at any time, before and after Default, and for any purpose deemed necessary by it, enter upon the Mortgaged Land to inspect the Mortgaged Land. Without in any way limiting the generality of the foregoing, the Mortgagee or the applicable mortgage insurer (or their respective agents) may enter upon the Mortgaged Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by it (or them) and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Actual Mortgage Rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the Mortgaged Land. The exercise of any of the powers herein shall not deem the Mortgagee, the mortgage insurer or their respective agents to be in possession, management or control of the Mortgaged Land.

7. MORE FREQUENT PAYMENT PROVISIONS

If the Mortgage provides for the payment of instalments of principal and interest more frequently than monthly, the Mortgagor shall be required to make all instalment payments of principal and interest and pay Taxes and life insurance premiums, if applicable, in accordance with the provisions of the Mortgage and the following provisions:

(a) Despite anything in the Mortgage to the contrary, in the event there occurs a Default, the Mortgagor shall pay to the Mortgagee all arrears then outstanding and shall, at the option of the Mortgagee, pay to the Mortgagee, principal, interest and Taxes in

monthly instalments; the amount of such monthly instalments and the terms of repayment shall be determined by the Mortgagee provided that the original amortization period of the Mortgage is not extended as a result of the Mortgagor's making monthly payments of principal, interest and Taxes; provided further that nothing herein contained shall prejudice the Mortgagee's rights pursuant to the provisions contained in or incorporated into the Mortgage which require payment, at the Mortgagee's option, of all Debt, if a Default occurs.

(b) The Mortgagor shall maintain with the Mortgagee or another financial institution satisfactory to the Mortgagee, an account of a type which is satisfactory to the Mortgagee. The Mortgagor shall authorize the Mortgagee to debit such account automatically by an amount equivalent to the amount of each instalment of principal, interest, Taxes and life insurance premiums (if applicable) payable, when each such instalment is due. If the account is with another financial institution, the Mortgagor shall cause such other financial institution to remit such amount to the Mortgagee when each instalment is due. The Mortgagor shall, at the Mortgagee's request, execute such authorization in form and substance satisfactory to the Mortgagee.

(c) The Mortgagor shall ensure that there are, at all times, sufficient funds deposited to the account referred to in subparagraph 7(b) hereof to pay each instalment when due. Failure by the Mortgagor to comply with the foregoing, cancellation by the Mortgagor of the authorization referred to in subparagraph 7(b) hereof or termination of such account shall constitute a Default.

8. **SALE, CONVEYANCE OR TRANSFER OF MORTGAGED LAND**

In the event the Mortgagor sells, conveys, transfers or enters into an agreement to sell, convey or transfer the Mortgaged Land to a purchaser or a transferee thereof who is not approved by the Mortgagee in writing, the Debt shall, at the Mortgagee's option, become forthwith due and payable; provided that the Mortgagee shall not unreasonably withhold such approval.

9. **NO FEE - AUTOMATIC RENEWAL AT MATURITY OF SIX MONTH TERMS, ONE YEAR TERMS AND TWO YEAR TERMS**

If at any time the Term of the Mortgage (or any subsequent term of the Mortgage) is six months, one year or two years, the Mortgagor shall be entitled at maturity, provided a Default has not then occurred, to automatic further six month, one year or two year term extensions respectively without paying a renewal fee. Prior to the end of each six month, one year or two year term, the Mortgagee will provide the Mortgagor with a notice offering to extend the then current term of the Mortgage for a further six month, one year or two year term, provided the Mortgagor pays interest at the amended rate and the amended amount of the mortgage payments to the new maturity date, all as specified by the notice. If the Mortgagee does not receive from the Mortgagor before the fifteenth day after the notice is mailed to the Mortgagor's last known address (as shown by the Mortgagee's records), written advice that the Mortgagor does not accept such offer, the Mortgagor shall be deemed to have accepted the Mortgagee's offer. The Mortgagor's failure to respond to or receive such notice shall not prevent the interest rate from changing, on the first day of the extended term, to the rate specified by the notice, or otherwise affect the foregoing. The Mortgagee may terminate the foregoing no fee automatic renewal program on six months' written notice to the Mortgagor.

10. **MORTGAGE RATE PROTECTION PLAN**

The Mortgagor shall be entitled at any time when not in default under the Mortgage, to ask for an amendment to the Mortgage. If the Mortgagee agrees to amend the Mortgage, such amendment shall be in accordance with a mortgage amending agreement executed by the Mortgagor in form and substance satisfactory to the Mortgagee, which shall stipulate, among other things, the Effective Date; provided that the Mortgagor pays to the Mortgagee before the execution of the mortgage amending agreement an amendment fee in an amount satisfactory to the Mortgagee.

11. **MORTGAGOR'S PORTABILITY OPTION**

At any time prior to the Maturity Date:

(a) the Mortgagor shall be entitled to request from the Mortgagee a new loan in any amount, which matures on the Maturity Date and which bears interest at a new rate (rounded up to the nearest 1/4 of 1% per annum) based on:

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(i) the fixed interest rate specified by the Mortgage, on an amount up to and including the principal amount of the Mortgage outstanding on the date the new loan is advanced; and

(ii) the interest rate determined by the Mortgagee, on the amount of such new loan which exceeds the amount referred to in subparagraph (i),

repayment of such new loan to be secured by a first mortgage of the Mortgaged Land or, if the Mortgaged Land is sold and new property purchased by the Mortgagor, by a first mortgage of such new property; or

(b) any person to whom the Mortgagor sells the Mortgaged Land shall be entitled (with the prior written consent of the Mortgagor) to request from the Mortgagee a new loan which matures on the Maturity Date and which bears interest at the new rate referred to in subparagraph (a), repayment of such new loan to be secured by a first mortgage of the Mortgaged Land,

provided that only one of the Mortgagor and the person to whom the Mortgagor sells the Mortgaged Land shall be entitled to make such request, and provided the approval of any request and the conditions of any such approval shall be entirely at the discretion of the Mortgagee.

12. **BLEND AND EXTEND OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee:

(a) to extend the Term of the Mortgage to a term requested by the Mortgagor and satisfactory to the Mortgagee at an amended fixed interest rate determined by the Mortgagee provided that:

(i) the amended mortgage shall contain limited prepayment provisions satisfactory to the Mortgagee; and

(ii) the Mortgagor pays to the Mortgagee an amendment fee in an amount determined by the Mortgagee; or

(b) to lend an additional principal amount to the Mortgagor pursuant to a new mortgage of the Mortgaged Land to be granted by the Mortgagor to the Mortgagee, in form and substance and with priority satisfactory to the Mortgagee, with a term longer than the Term of the Mortgage at a fixed interest rate determined by the Mortgagee provided that the new mortgage contains limited prepayment provisions satisfactory to the Mortgagee.

The amended or new fixed interest rate shall be determined by the Mortgagee, in the Mortgagee's sole discretion, based on the existing interest rate in respect of the existing Term of the Mortgage and the Mortgagee's then current interest rate in respect of the amended term or new term requested by the Mortgagor. The approval of any such request and the conditions of any such approval shall be entirely at the discretion of the Mortgagee.

13. **RATE BUYDOWN OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee to amend the Mortgage to reduce the interest rate applicable to the Mortgage by not more than 3% per annum if the Term of the Mortgage is three years or longer, or by not more than 2% per annum if the Term of the Mortgage is shorter than three years, provided the Mortgagor pays to the Mortgagee an additional amount determined by the Mortgagee to compensate the Mortgagee for all loss of revenue suffered by the Mortgagee as a result of such reduced interest rate.

14. **DEFERRED PAYMENT OPTION**

The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to request the Mortgagee to permit the Mortgagor to defer payment of one or more consecutive instalments of principal and interest pursuant to the Mortgage for any reason satisfactory to the Mortgagee. If the Mortgagee grants such request, the Mortgagor shall pay interest on the amount of any such deferred instalment at the Actual Mortgage Rate, including interest on unpaid interest, until such deferred amount is fully paid. The Mortgagor shall be entitled, at any time when not in default under the Mortgage, to prepay such deferred amount in whole or in part, without payment of any bonus. Such right is in addition to any other applicable voluntary prepayment right set out in the Mortgage.

15. **INTEREST RATE SHELTER OPTION FOR THREE YEAR TERMS**

The Mortgagor shall be entitled, at any time, when not in default under the Mortgage, to request from the Mortgagee an amendment agreement satisfactory to the Mortgagee, to amend the Term of the Mortgage (or any amended term of the Mortgage) to a three-year term and to amend the Actual Mortgage Rate to a fixed rate determined by the Mortgagee and applicable, on the date the Mortgagee receives such request, to residential, fixed rate first mortgage loans made by the Mortgagee with terms of three years commencing on such date and with limited prepayment provisions specified by the Mortgagee, and to further amend the Actual Mortgage Rate:

(a) as at the first day of the second year of such amended term of the Mortgage to the fixed rate determined by the Mortgagee and applicable to residential, fixed rate first mortgage loans made by the Mortgagee with terms of two years commencing on such day and with limited prepayment provisions specified by the Mortgagee, provided the Mortgagor delivers to the Mortgagee, no later than seven days before such day, an amendment agreement in form and substance satisfactory to the Mortgagee; and

(b) as at the first day of the third year of such amended term of the Mortgage to the fixed rate determined by the Mortgagee and applicable to residential, fixed rate first mortgage loans made by the Mortgagee with terms of one year commencing on such day and with limited prepayment provisions specified by the Mortgagee, whether or not the Actual Mortgage Rate was amended pursuant to subparagraph (a), provided the Mortgagor delivers to the Mortgagee, no later than seven days before such day, an amendment agreement in form and substance satisfactory to the Mortgagee.

If the Mortgagee agrees to the Mortgagor's request to amend the Term of the Mortgage (or any amended term of the Mortgage) to a three-year term, the Mortgagor shall pay to the Mortgagee an amendment fee in an amount determined by the Mortgagee.

16. **UNDERTAKING NOT TO SUE MORTGAGOR AFTER APPROVED SALE OF MORTGAGED LAND**

The Mortgagor shall be entitled, when not in default under the Mortgage, upon the sale of the Mortgaged Land by the Mortgagor to a purchaser who is satisfactory to the Mortgagee (in the Mortgagee's sole discretion), to obtain from the Mortgagee an undertaking by the Mortgagee not to sue the Mortgagor pursuant to the Mortgage if the purchaser defaults or the purchaser's assigns default pursuant to the Mortgage after the completion of the sale of the Mortgaged Land to the purchaser. The purchaser shall be deemed not to be satisfactory to the Mortgagee unless and until the Mortgagee delivers such undertaking to the Mortgagor in writing.

17. **DISCRETION OF THE MORTGAGEE WHETHER TO GRANT REQUESTS AND AMENDMENT AGREEMENTS**

Despite any other provision of the Mortgage, the Mortgagee shall have no obligation to grant any request of the Mortgagor referred to in paragraphs 10, 11, 12, 13, 14, 15 or 16 hereof. The Mortgagee shall be deemed not to have granted such request unless the Mortgagee delivers to the Mortgagor a written agreement satisfactory to the Mortgagee agreeing to such request or an amendment agreement which reflects such request. Whenever the Mortgage provides for an amendment agreement, such amendment agreement shall be in form and substance satisfactory to the Mortgagee, shall not be effective unless signed by the Mortgagor, the spouse of the Mortgagor, if applicable, and any Guarantor, and shall specify the date on which such amendment becomes effective. If the amendment agreement provides for the payment of an amendment fee, the Mortgagor shall pay such fee to the Mortgagee, in an amount satisfactory to the Mortgagee, at or before the time such amendment agreement is signed.

18. **PROVISIONS WHICH DO NOT APPLY IF THE MORTGAGED LAND IS NON-RESIDENTIAL MORTGAGED LAND**

Despite any other provision of the Mortgage, paragraphs 7, 9, 10, 11, 12, 13, 14, 15 and 16 hereof shall not apply to the Mortgage or the Mortgaged Land if the Mortgaged Land is Non-Residential Mortgaged Land.

19. **CONDOMINIUM PROVISIONS**

If the Mortgaged Land is a condominium unit or includes a condominium unit, the following provisions shall apply:

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(a) the Mortgagor shall observe and perform each of the covenants and provisions required to be observed and performed pursuant to the Mortgage, the Condominium Act, all amendments thereto, all legislation passed in substitution therefor, and the declaration, by-laws and rules, as amended from time to time, of the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium unit charged by the Mortgage;

(b) the Mortgagor shall pay promptly when due any and all unpaid common expenses, common element expenses, assessments, levies, instalments, payments or any other amounts due to the applicable condominium corporation or any agent thereof by the Mortgagor and, at the Mortgagee's request, deliver to the Mortgagee evidence of the payment thereof;

(c) upon Default herein and notwithstanding any other right or action of such condominium corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, levies, instalments, payments or any other amounts due to the Mortgagee or arising pursuant to this provision; and

(d) the Mortgagor hereby authorizes the Mortgagee to exercise the right of the Mortgagor as an owner of the Mortgaged Land to vote or to consent in all matters relating to the affairs of the condominium corporation or arising under the Condominium Act, the declaration or the by-laws of the condominium corporation, provided that:

(i) in any case where the Mortgagee is entitled under the Condominium Act to receive and does receive notice of a meeting of owners, the Mortgagee may notify the condominium corporation and the Mortgagor of its intention to exercise the right of the owner to vote or to consent at such meeting at least two days before the date specified in the notice for the meeting, failing which the Mortgagor may exercise such right to vote or consent at such meeting;

(ii) the Mortgagee shall not, by virtue of the giving to the Mortgagee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for any exercise or failure to exercise the right to vote or consent; and

(iii) nothing herein contained, including the exercise by the Mortgagee of the right to vote or consent, shall constitute the Mortgagee a mortgagee in possession.

20. **DEFAULT**

Despite any other provision of the Mortgage, upon the occurrence of a default in payment of any principal amount, interest or other amount payable pursuant to or in respect of the Mortgage, or upon the occurrence of a default by the Mortgagor pursuant to any provision of the Mortgage or any provision of a Prior Mortgage, or upon discovery by the Mortgagee that any covenant or representation contained in the Mortgage or in any loan or mortgage application made by the Mortgagor is breached or untrue, or upon the Mortgagor's permitting any buildings forming part of the Mortgaged Land to remain unfinished without any work being done thereon for ten days, or upon the expropriation of all or any part of the Mortgaged Land, or upon waste being committed or permitted on the Mortgaged Land (each of which events is referred to as a "Default"), all Debt shall, at the option of the Mortgagee, forthwith become due and payable, the Mortgagor shall forthwith pay all Debt to the Mortgagee, all the Mortgagee's rights and remedies pursuant to the Mortgage or otherwise available at law shall become exercisable and, without limitation to the foregoing, the following shall apply:

(a) The Mortgagee may, at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed any obligation of the Mortgagor in respect of the Mortgaged Land or the Mortgage.

(b) The Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon and take possession of the Mortgaged Land, the Mortgagee shall have quiet possession of the Mortgaged Land free of all encumbrances, and the Mortgagee may, after giving any notices required by law, make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements forming part of the Mortgaged Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Land as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for any of such purposes, shall be forthwith payable to the Mortgagee, and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate.

(c) After any Default has continued for at least fifteen days, the Mortgagee may, on at least thirty-five days' notice sell the Mortgaged Land or any part or parts thereof.

(d) The following provisions shall apply, where applicable, with respect to the lease or sale of the Mortgaged Land by the Mortgagee:

(i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice of sale shall not be required by law or to the extent that any notice requirements shall not be applicable, notice may be effectually given by leaving it with a person on the Mortgaged Land, if occupied, or by placing the same on some portion thereof, if unoccupied, or at the option of the Mortgagee, by mailing it by registered mail addressed to the Mortgagor at the Mortgagor's last known address, or by publishing it once in a newspaper published in the area or region in which the Mortgaged Land is situated;

(ii) such notice of sale shall be sufficient although not addressed to any person or persons by name or designation, and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability;

(iii) sale of the Mortgaged Land may be by public auction or private sale or partly by one and partly by the other, for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale and stipulations as to title or evidence or commencement of title or otherwise as the Mortgagee in its discretion shall deem proper;

(iv) in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any moneys until such moneys are actually received by the Mortgagee;

(v) the Mortgagee may rescind or vary any contract of sale and may buy in and re-sell the Mortgaged Land or any part thereof without being answerable for any loss occasioned thereby;

(vi) the Mortgagee may sell all or any part of the buildings, fixtures, machinery, equipment, crops and standing or fallen trees or any severable part of the Mortgaged Land and the purchaser shall have all necessary access for severing, cutting and removal;

(vii) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety, and no lack of default, lack of notice or failure to comply with any requirement, and no irregularity or impropriety of any kind shall invalidate any sale or lease by the Mortgagee;

(viii) the Mortgagee may sell or lease without entering into actual possession of the Mortgaged Land but when it wishes to take possession it may break locks and bolts and while in possession shall only be accountable for moneys received by it;

(ix) subject to compliance with the Planning Act, and the Condominium Act if applicable, as each may be amended from time to time, sales may be made from time to time of any part or parts of the Mortgaged Land to satisfy any portion of the Debt, leaving the balance of the Debt secured by the Mortgage on the remainder of the Mortgaged Land, or the Mortgagee may take proceedings to sell and may sell the Mortgaged Land for part of any sums owing or in arrears subject to the balance of said sums not yet due at the time of the said sale;

(x) the Mortgagor hereby appoints the Mortgagee as the Mortgagor's true and lawful attorney and agent to make application under the Planning Act and to do all things and execute all documents to effectually complete any such sale or lease;

(xi) the Mortgagee may lease or take sale proceedings notwithstanding that other proceedings have been taken or are then pending;

(xii) the proceeds of any sale or lease shall be applied firstly in payment of any costs (including legal fees on a solicitor and his or her own client basis), expenses, commissions and fees which may be incurred in taking, recovering or keeping possession of the Mortgaged Land or in making sales, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the Mortgage (including sums which the Mortgagee

has paid for Taxes, insurance, repairs, maintenance, common expenses and other amounts added thereto or payable by the Mortgagor to the condominium corporation if the Mortgaged Land is or includes a condominium unit); and thereafter to reduce the Debt in the manner determined by the Mortgagee and, for greater certainty, the Mortgagor shall continue to be liable for and shall pay to the Mortgagee all Debt which then remains unpaid;

(xiii) the Mortgagee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by its wilful neglect or default; and

(xiv) no sale or other dealing by the Mortgagee with the Mortgaged Land or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the Debt.

Despite the foregoing power of sale, the Mortgagee shall be entitled to its right of foreclosure of the right of redemption of the Mortgagor as fully as if the power of sale were not contained herein.

(e) The Mortgagee may forthwith take such proceedings to realize on its security created by the Mortgage by foreclosing against the Mortgaged Land or by any other action or act to which it is entitled by law.

(f) The Mortgagee may distrain for payment of amounts owing under the Mortgage upon the Mortgaged Land or any part thereof and all chattels situated thereon and by distress warrant recover the same by way of rent reserved as in the case of demise of the Mortgaged Land and all costs, charges and expenses incurred by or on behalf of the Mortgagee with respect to or in connection therewith as in like cases of distress for rent. The Mortgagor waives the right to claim exceptions and agrees that the Mortgagee shall not be limited in the amount for which it may distrain.

(g) The taking of a judgment or judgments on any of the covenants herein or in the Mortgage contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest under the Mortgage at the Actual Mortgage Rate and the said judgment may provide at the option of the Mortgagee that interest thereunder shall be computed at the Actual Mortgage Rate until the said judgment shall have been fully paid and satisfied.

21. CERTAIN IMPLIED COVENANTS EXCLUDED

The covenants deemed by subsection 7(1) of the Act to be included in the Mortgage are expressly excluded from the Mortgage.

22. NATIONAL HOUSING ACT

If the Mortgage is insured by Canada Mortgage and Housing Corporation against default:

(a) the Mortgage is made pursuant to the National Housing Act;

(b) if there is any conflict between any provision of the Mortgage and any requirement of the National Housing Act or the National Housing Loan Regulations, such latter requirement shall govern; and

(c) all requirements of the National Housing Act and the National Housing Loan Regulations are hereby incorporated herein.

23. MORTGAGE OF LEASEHOLD INTEREST

If the Mortgagor is not the owner of the Mortgaged Land in fee simple but is the owner of a leasehold interest in the Mortgaged Land as tenant, or as an assignee or successor of a tenant, pursuant to a lease referred to in the Mortgage, the following provisions shall apply:

(a) The Mortgagor represents and warrants the Mortgagee as follows:

(i) The lease is a good, valid and subsisting lease and has not been surrendered, forfeited or terminated or, except as specified in the Mortgage, amended, and the rents, covenants and provisions therein reserved and contained have been

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duly paid, performed and observed by the Mortgagor up to the date of the Mortgage.

(ii) The Mortgagor now has good right, full power and lawful and absolute authority to charge, mortgage, demise and sublet the Mortgaged Land in accordance with the Mortgage and any consent thereto required of the applicable landlord has been obtained.

(b) The Mortgagor agrees with the Mortgagee as follows:

(i) The Mortgagor shall at all times fully perform and comply with all the obligations of the Mortgagor under or with respect to the lease, or imposed on, assumed by or agreed to by the Mortgagor pursuant to any Other Claims and if the Mortgagor fails to do so, the Mortgagee may (but shall not be obliged to) take any action the Mortgagee deems necessary or desirable to prevent or to cure any default by the Mortgagor in the performance of or compliance with any such obligations. Upon receipt by the Mortgagee from the landlord, any prior encumbrancer, any claimant of any of the Other Claims or any other person of any written notice of default, the Mortgagee may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof may be questioned or denied by or on behalf of the Mortgagor and the Mortgagee shall have the absolute and immediate right to enter in and upon the Mortgaged Land or any part thereof to such extent and as often as the Mortgagee, in its sole discretion deems necessary or desirable, in order to prevent or to cure any such default. The Mortgagee may pay and expend such amounts as the Mortgagee in its sole discretion deems necessary for any such purpose, and the amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand, and shall, until paid to the Mortgagee, be included in the Debt, be secured by the Mortgage and bear interest at the Actual Mortgage Rate from the date of each such payment.

(ii) If the Mortgage is outstanding at the expiration of the term of the lease and the Mortgagor refuses or neglects to exercise the Mortgagor's right, if any, to renew the lease or refuses to pay any fees, costs, charges or expenses payable upon any such renewal, the Mortgagee may effect any such renewal in the name of the Mortgagor or otherwise, and every such new or renewed lease shall remain and be mortgaged and charged pursuant to the Mortgage in accordance with the Mortgage.

(iii) From and after the execution and delivery of the Mortgage, the Mortgagor shall stand possessed of the Mortgaged Land for the residue of the term granted by the lease in trust for the Mortgagee, and shall assign and dispose thereof as the Mortgagee may direct, but subject to the Mortgagor's right of redemption under the Mortgage. The Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's substitute to be the Mortgagor's attorney for and on behalf of the Mortgagor to assign the lease and convey the leasehold interest in the Mortgaged Land and the said reversion as the Mortgagee shall at any time direct, and in particular, upon any sale made by the Mortgagee under any power of sale contained in the Mortgage or granted by statute to assign the lease and convey the Mortgager's leasehold interest in the Mortgaged Land and the reversion to a purchaser. This appointment is coupled with an interest and shall not be revoked by the Mortgagor. The Mortgagee may at any time remove the Mortgagor or any other person from being a trustee of the lease under the above declaration of trust and appoint a new trustee or trustees.

(iv) The Mortgagor shall not surrender, terminate, amend or modify the lease or agree to do so without the prior written consent of the Mortgagee, which the Mortgagee may withhold in its absolute discretion. No release or forbearance of any of the Mortgagor's obligations under the lease or under any prior encumbrance shall release the Mortgagor from any of the Mortgagor's obligations under the Mortgage.

(v) Unless the Mortgagee expressly consents in writing, the title in fee simple to the Mortgaged Land and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates by purchase or otherwise.

(c) Despite any other provision of the Mortgage, the last day of the term of the lease or any renewal thereof or any agreement therefor now held or hereafter acquired by the Mortgagor shall be excepted out of the mortgage, charge and demise contained in the Mortgage.

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(d) Despite subparagraph 3(a) hereof and any other provision of the Mortgage, the Mortgagor mortgages and charges, by way of sublease, the Mortgagor's leasehold interest in the Mortgaged Land pursuant to the lease (including, without limitation, any right of renewal and any right to purchase the Mortgaged Land or any part thereof as set out in the lease), the mortgages and charges contained in the Mortgage shall be by way of sublease and the Mortgagee shall not have any obligation or liability to the landlord or any other person pursuant to or in respect of the lease.

(e) Wherever any reference is made in the Mortgage to any right of the Mortgagee to sell, transfer, assign, lease, sublease, alienate or otherwise deal with the Mortgaged Land, such reference shall be deemed to relate to the existing and future rights and interests of the Mortgagor in the Mortgaged Land pursuant to the lease. Each reference to the lease in the Mortgage shall include the lease, as amended or replaced from time to time.

24. ASSIGNMENT OF LEASES AND RENTS

If the Mortgagor or any predecessor of the Mortgagor grants or has granted any lease, tenancy agreement or other similar agreement of all or any part of the Mortgaged Land as landlord, the following provisions shall apply:

(a) The assignment of each of the foregoing and of each of the rents and other amounts by the Mortgagor to the Mortgagee pursuant to subparagraph 3(a) hereof shall be deemed to be a separate assignment so that the Mortgagee in its discretion may exercise its rights in respect of any or all of such leases, tenancy agreements or other similar agreements or the rents or other amounts paid or payable thereunder.

(b) Until a Default occurs the Mortgagor may collect, retain and apply all rents and other similar amounts and deal with all leases, tenancy agreements and other similar agreements from time to time in accordance with sound business practice.

(c) Nothing herein shall obligate the Mortgagee to assume or perform any obligation of the Mortgagor to any tenant or other person pursuant to or in respect of any lease, tenancy agreement, other similar agreement or otherwise and the Mortgagor hereby indemnifies and saves harmless the Mortgagee from any and all claims with respect thereto, provided that the Mortgagee may, at its sole option, assume or perform any such obligations as it considers necessary or desirable.

(d) The Mortgagee may, at any time without further request or agreement by the Mortgagor, reassign to the Mortgagor, or the Mortgagor's Successors or assigns, any or all of the foregoing.

(e) The Mortgagee's obligations with respect to any amount collected by the Mortgagee shall be discharged by the application of such amount to reduce the Debt.

(f) Nothing contained herein shall have the effect of making the Mortgagee a mortgagee in possession of the Mortgaged Land.

25. GUARANTEE

The following shall apply to each Guarantor:

(a) The Guarantor unconditionally guarantees to the Mortgagee payment when due of all Debt and the performance by the Mortgagor of each of the covenants, conditions, obligations and provisions to be observed or performed by the Mortgagor pursuant to the Mortgage. The guarantee is given by the Guarantor as principal debtor and not as surety and the Guarantor shall be liable to the Mortgagee in the same manner and to the same extent as if the Guarantor had executed the Mortgage as Mortgagor. The guarantee shall not be, nor be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment or reassignment of the Mortgage at any time and from time to time, by reason of any amendment or modification to the Mortgage, or by reason of the release or discharge of the Mortgagor in any creditor, receivership, bankruptcy, insolvency or other proceedings. In the event of any Default, the Guarantor waives any right to require the Mortgagee to proceed against the Mortgagor or to seek or exhaust the Mortgagee's rights, remedies or recourse against the Mortgagor, the Mortgaged Land, or any other person or security before proceeding against the Guarantor or obtaining payment from the Guarantor of all Debt. The Guarantor expressly waives the benefits of discussion and division and notice of Default. The Guarantor acknowledges that the Mortgage would not have been entered into by the Mortgagee without the guarantee. If the Mortgagor is a corporation, no change thereto or therein including any amalgamation with any other corporation, shall in any way

affect the liability of the Guarantor either with respect to any part of the mortgage transaction occurring before or after any such change and the Mortgagee shall not be concerned to see or inquire into the powers of the Mortgagor or any of its directors or other agents, acting or purporting to act on its behalf and any amount borrowed or obtained from the Mortgagee in professed exercise of such powers, shall be deemed to form part of the Debt hereby guaranteed, notwithstanding that such borrowing or obtaining of advances shall be in excess of the powers of such corporate Mortgagor or of its directors or other agents as aforesaid, or be in any way irregular, defective or informal. The Mortgagee, without exonerating the Guarantor in whole or in part may, without the Guarantor's consent, grant time, renewals, extensions, indulgences, releases and discharges to, may take securities (including the Mortgage) from, and may give the same and any and all existing securities up to, may abstain from taking securities from or perfecting securities (including the Mortgage) of, may accept compositions from, or may otherwise deal with the Mortgagor and all other persons (including any other guarantor or Guarantor) and securities, as the Mortgagee may see fit, and all dividends, compositions and amounts received by the Mortgagee from the Mortgagor or from any other person or estate capable of being applied by the Mortgagee in reduction of the Debt hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Mortgagee shall be entitled to prove against the estate of the Mortgagor upon any insolvency or winding up in respect of the whole of the Debt, and the Guarantor shall have no right to be subrogated to the Mortgagee in respect of any such proof or otherwise until the Mortgagee shall have received from such estate or the Guarantor payment in full of all amounts then owing to the Mortgagee. The Guarantor acknowledges that the guarantee has been delivered free of any conditions and that no representations or warranties have been made to the Guarantor affecting the Guarantor's liability under the guarantee or otherwise. The guarantee is in addition to and not in substitution for any other guarantee or guarantees now or hereafter held by the Mortgagee. The guarantee shall remain in full force and effect until all Debt has been indefeasibly paid in full and until the Mortgagee has delivered a written release to the Guarantor. The Guarantor shall, on demand by the Mortgagee, reimburse the Mortgagee for all costs incurred by the Mortgagee in enforcing the guarantee and the other provisions of the Mortgage.

(b) Whenever the guarantee is given by more than one person, all covenants, liabilities and obligations of the Guarantor shall be joint and several. The obligations of the Guarantor shall be binding on the Guarantor and the Guarantor's Successors and may be enforced by the Mortgagee or by a successor or assignee of the Mortgagee, whether or not any notice is given of such assignment.

26. GOVERNING LAW

This set of standard charge terms and the Mortgage shall be governed by the laws of Ontario.

27. TITLES AND MARGINAL NOTES

Titles and marginal notes in this set of standard charge terms and in any Schedule or Schedules to the Mortgage are inserted for convenience of reference only and shall not affect or modify the interpretation or construction of the Mortgage, this set of standard charge terms or any provision of either.

28. MISCELLANEOUS

Whenever a Mortgage is made or assumed by more than one person, all such persons shall be jointly and severally liable for all covenants, liabilities and obligations contained therein unless the Mortgage otherwise specifies. The covenants, liabilities and obligations of the Mortgagor shall be equally binding on the Mortgagor's Successors and assigns and may be enforced by the Mortgagee or by a successor or assignee of the Mortgagee. Where the context so requires, words in the singular shall include the plural, words in the plural shall include the singular and words importing the masculine gender shall include the feminine and neuter genders. Time shall be of the essence of the Mortgage. To the extent permitted by law, all provisions of the Mortgage shall have effect notwithstanding any statute to the contrary. The rights granted to the Mortgagee by the Mortgage shall be in addition to all other rights

available to the Mortgagee by statute or other law. If any provision of the Mortgage is found by a Court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall not apply and the Mortgage shall remain in full force and effect without such provision.

Dated the 16th day of July, 1999.

BANK OF MONTREAL
By: _____
Title: Vice-President, Product Management
Mortgage Line of Business

BANK OF MONTREAL
DOCUMENT
No. 1957

_____
Donna A. [illegible]
Assistant Secretary

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9910 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Filing No. 9911 Cote
Filing Date 10 AUGUST 1999 Date de Dépôt
Page 1 of de 12 (TWELVE) Pages

Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT, 1990 R.S.O. 1990 c.L. 4
SET OF STANDARD CHARGE TERMS

Filing Date:
Filing Number:
Filed by: Lloyds Far East (BVI) Limited

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

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DEFINITIONS

1. In this set of standard charge terms, the following terms used herein shall have the following meanings:

(a) "Act" - the Land Registration Reform Act, R.S.O. 1990 c.L.4, as amended or replaced from time to time;

(b) "Business Day" - any day on which the office of the Chargee is open for business in Hong Kong;

(c) "Charge" - the Charge/Mortgage of land in which this set of standard charge terms is deemed to be included pursuant to the Act and includes any Schedules attached to it, any renewals and amendments thereto, and this set of standard charge terms, and the expressions "hereof", "herein", "hereto", "hereunder" and similar expressions refer to the Charge and not to any particular paragraph or other portion thereof;

(d) "Chargee" - the Party identified in Box 14 on Page 1 of the Charge and includes any person to whom the Chargee transfers this Charge;

(e) "Chargor" - means each party who signs the Charge as Chargor, and the Chargor's heirs, executors, administrators, successors and assigns;

(f) "Chargor's Mailing Address" - the postal address shown in box 13 on page 1 of the Charge or the most recent postal address provided in a written notice given by the Chargor to the Chargee;

(g) "Chargee's Mailing Address" - the postal address shown in box 15 on page 1 of the Charge or the most recent postal address provided in a written notice given by the Chargee to the Chargor;

(h) "Common Expenses" - the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Condominium Act or the Declaration;

(i) "Condominium Act" - the Condominium Act, R.S.O. 1990 c. C. 26, as amended or replaced from time to time;

(j) "Condominium Corporation" - the Condominium Corporation created by the registration under the Condominium Act of a declaration if the Property forms part of the lands described in the description registered together with such declaration;

(k) "Costs" - all amounts of every nature and kind (including costs, expenses and taxes) pursuant to the provisions of the Charge and the Standard Charge Terms, the Chargor is required to pay to the Chargee, other than the Principal Amount and interest;

(l) "Court" - a Court or judge having jurisdiction in any matter arising out of the Charge;

(m) "Declaration" - the declaration which, together with a description, was registered pursuant to the Condominium Act to create the Condominium Corporation, as amended or replaced from time to time;

(n) "Guarantor" - each party who signs the Charge as guarantor and its heirs, executors, administrators, successors and assigns;

(o) "Improvement" - the meaning ascribed thereto in paragraph 16 of this set of Standard Charge Terms;

(p) "Indemnity" - the indemnity agreement delivered by the Chargor to the Chargee whereby the Chargor agrees to indemnify the Chargee with respect to certain indebtedness and obligations of the Chargee to Lloyds as therein described as amended from time to time;

(q) "Indebtedness" - means all indebtedness, obligations and liabilities of the Chargor, direct or indirect, actual or contingent, wherever and however incurred, whether on account of principal, interest, fees, bonus, expenses, indemnity or otherwise, whether prior to, at the time of, or subsequent to the execution of the Charge and any unpaid balance thereof arising out of or under the Indemnity, the aggregate of which shall not exceed the principal amount of this Charge;

(r) "Interest" - the interest on the Indebtedness at the Interest Rate;

(s) "Interest Rate" - the interest rate set out in the Charge;

(t) "Lease" - in respect of any part of the Property in which the Chargor has a leasehold interest, the lease under which such leasehold interest is created and any lease with respect to all or any part of the Property which may be entered into in replacement or renewal of such lease, as any of the foregoing may be amended from time to time;

(u) "Lien" - any mortgage, lien, pledge, assignment, charge, security interest, title retention agreement, levy, execution, attachment or other encumbrance (whether statutory or otherwise);

(v) "Lloyds" - Lloyds TSB Bank plc;

(w) "Place of Payment" - the place of payment shown on box 15 on page 1 of the Charge;

(x) "Principal Amount" - the amount of money shown as the principal amount in box 4 of page 1 of the Charge, which shall be in lawful money of Canada unless otherwise specified in the Charge;

(y) "Property" - the lands and premises more particularly described in box 5 of page 1 of the Charge and any schedule thereto, including all buildings and improvements thereto and all fixtures forming a part thereof;

(z) "Receiver" - the meaning ascribed thereto in paragraph 24 of these Standard Charge Terms;

(aa) "Schedules" - collectively, all the schedules attached to the Charge; and

(bb) "Unit" - one or more units created by the registration of the Property under the Condominium Act.

DATE OF CHARGE

2. The date of the Charge, unless otherwise provided, shall be the earliest date of signature by a Chargor.

INTERPRETATION

3. In construing the provisions of the Charge, the words "Chargor" and "Guarantor" and the pronouns "it" and "its" relating thereto and used therewith, shall be read and construed as "Chargors" or "Chargors", or "Guarantor" or "Guarantors", as the case may be, and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case as the context may require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. The headings above each paragraph herein are for reference purposes only and do not form part of the covenants herein contained.

EXCLUSION OF STATUTORY COVENANTS

4. The covenants deemed to be included in a charge by the Act are excluded from the Charge.

COLLATERAL SECURITY

5. (a) The Charge is given as a general and continuing collateral security for the due and timely payment and satisfaction of the Indebtedness and the performance of the Chargor's other obligations under the Charge.

(b) The amount of the Indebtedness secured at any particular time by the Charge shall be limited to the Principal Amount in lawful money of Canada with interest thereon at the Interest Rate.

(c) The Charge shall remain in full force and shall not be deemed to have been discharged or redeemed even though from time to time no amounts are outstanding in respect of the Indebtedness.

(d) The Charge shall not nor shall anything herein contained operate so as to create any merger, rebate or discharge of any debts owing to the Chargee or of any other security held by or which may hereafter be held by the Chargee from the Chargor or any other person or persons whomsoever, and the Charge shall not in any way prejudicially affect any security held or which may hereafter be held by the Chargee, nor shall the remedies of the Chargee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of the Charge.

(e) The taking of a judgment or judgments against the Chargor in respect of any of the agreements or obligations contained in the Charge, the Indemnity or in respect of all or any part of the Indebtedness, or otherwise, shall not operate as a merger of such agreements or obligations or all or any part of the Indebtedness, or operate as a merger of or any other way affect the security created by the Charge or any other security or the Chargee's right to pursue the Chargee's other remedies or to enforce the Chargor's other obligations (whether hereunder or otherwise) or the Chargee's right to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon shall be computed at the Interest Rate until such judgment is fully paid and satisfied.

(f) The Chargee, without the consent of the Chargor, may assign in whole or in part the Charge, any security or collateral thereto and the benefit of all covenants of the Chargor contained in the Charge.

NO OBLIGATION TO ADVANCE

6. The Charge shall take effect forthwith upon the execution and delivery of the Charge by the Chargor, and the expenses of the examination of the title, the preparation of the Charge and the valuation of the Property are to be secured by the Charge, the same to be a charge upon the Property, and shall be without demand therefor payable forthwith with interest at the rate or rates provided for in the Charge, and in default, the Chargee's power of sale hereby given and all other remedies hereunder shall be exercisable.

DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS

7. The Chargee may increase, reduce, discontinue or otherwise vary the Chargor's credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and other persons (including without limitation any person to whom all or part of the Property is transferred) and with any securities as the Chargee may see fit without affecting any of the Chargee's rights or remedies (under the Charge or otherwise), the Chargor's liability under the Charge, the Indemnity or the Chargor's liability to pay the Indebtedness. The Chargee may delay enforcing any of its rights under the Charge, the Indemnity or any other document relating to the Indebtedness without losing or impairing those rights and may waive any breach of the Chargor's obligations under the Charge, the Indemnity or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing the Chargor. The Chargee may release its interest under the Charge in all or any part of the Property or any Lease (or any other collateral) whether or not the Chargee receives any value, and shall be accountable to the Chargor only for money which the Chargee actually receives. If the Chargee releases its interest in part of the Property, the remainder of the Property shall continue to secure the Indebtedness and the Chargor's obligations under the Charge will continue unchanged. No sale or other dealing with all or any part of the Property or Lease, and no amendment of the Charge or the Indemnity or any other security, agreement or instrument, and no amendment relating to the Indebtedness, will in any way affect the obligation of the Chargor or any other person to pay the Indebtedness.

DEFEASANCE

8. Subject to the provisions of paragraph 5(c) hereof, the Charge is to be void upon payment of the Indebtedness and interest thereon as hereinafter provided, calculated to the date of payment, and cancellation, expiry or release of all instruments and contracts constituting or evidencing the Indebtedness, and all taxes and performance of statute labour, and observance and performance of all covenants, provisos and conditions herein contained.

PAYMENT AND INTEREST

9. The Chargor agrees:

i) to pay the Indebtedness to the Chargee at its Place of Payment or at any other place designated by the Chargee from time to time;

ii) to pay interest at the Interest Rate on such Indebtedness as remains from time to time unpaid as and from the time of demand therefor under the Charge as well as after as before judgment, with interest on overdue interest at the Interest Rate until the Indebtedness is fully paid which interest shall be paid on demand;

iii) to pay the Chargee interest at the Interest Rate on all Costs and interest (including interest on overdue interest payable under the Charge) which are not paid when due, which interest shall be paid on demand;

iv) that any payment of interest under the Charge which becomes due on a day which is not a Business Day shall be paid on the next following Business Day and such extension shall be taken into account for the calculation of interest and overdue interest;

v) that the provisions of the Charge do not prejudice or otherwise affect any right the Chargee may have independently of the Charge (whether pursuant to the Indemnity, any agreement, promissory note, other instrument, any rule of law or otherwise whatsoever) to recover all or any part of the Indebtedness from the Chargor and, if the Indebtedness exceeds the Principal Amount, the Chargee may conclusively determine what part of the Indebtedness shall be secured by the Charge and what part shall not be so secured;

vi) that the records maintained by the Chargee as to the date and amount of any Indebtedness incurred by the Chargor from time to time (including any interest accrued thereon) and as to the amount of any payment thereof, shall constitute prima facia evidence of such dates and amounts; and

vii) that any demand for payment by the Chargee pursuant to the Charge may be delivered personally or by private courier to the Chargor or any employee or officer thereof or may be mailed, postage prepaid, to the Chargor's Mailing Address. Any such demand shall be conclusively deemed to have been given and received on the date of such delivery or the third day after such mailing.

APPLICATION OF PAYMENTS

10. Except as otherwise agreed in writing, payments or other moneys received by the Chargee may be applied by it on any part of the Indebtedness determined by it from time to time, notwithstanding any contrary stipulation by the Chargor. The Chargee may, from time to time, revoke or alter any such application and reapply the amount in question on any other part of the Indebtedness determined by it.

CHARGOR'S REPRESENTATIONS, WARRANTIES AND AGREEMENTS

11. (a) The Chargor represents and warrants to and agrees with the Chargee that:

(i) there is no outstanding assignment, charge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Property or of any of the rents, issues, proceeds or profits therefrom;

(ii) the Charge shall constitute a first charge on the Property and rank in priority to all other charges, Liens, encumbrances and adverse rights of third parties, except any that the Chargor has heretofore reported to the Chargee;

(iii) the Chargor is the lawful owner of the Property and has a good and marketable title in fee simple free of any Liens or claims except any that the Chargor has heretofore reported to the Chargee in writing;

(iv) the Chargor has the right to execute and deliver the Charge and to charge the Property and the Chargor's interest in it to the Chargee in accordance with the terms of the Charge;

(v) the Chargor has not done, omitted or permitted anything whereby the Property or the Chargor's interest in it or any part of it is or may be subject to any Lien or claim except any the Chargor has reported to the Chargee in writing;

(vi) there are no limitations, encumbrances or restrictions affecting title to the Chargor's interest in the Property, except any the Chargor has reported to the Chargee in writing and except for building and zoning by-laws which have been and will continue to be complied with or with respect to which the Property is a legal non-conforming use;

(vii) no part of the Property is, has ever been or will in the future be insulated with asbestos materials or urea formaldehyde insulation;

(viii) to the best of the Chargor's knowledge and belief, after due inquiry and investigations, (i) no part of the Property or any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with hazardous substances except in compliance with all laws, regulations and orders and (ii) no part of the Property contains, has ever contained or will in the future contain any hazardous substance. The Chargee may (but shall not be obligated to) require the Chargor, at the Chargor's expense, to obtain an environmental audit of all or any part of the Property, which environmental audit shall be satisfactory to the Chargee, but such environmental audit does not relieve the Chargor from its obligations herein;

(ix) on default under the Charge, the Chargee shall have quiet possession of the Property free from all Liens and claims, except any that the Chargor has heretofore reported to the Chargee in writing;

(x) the Chargor shall, from time to time and at all times thereafter, at its own expense, make, do, execute or cause to be made, done and executed all and every such further and other reasonable act, deed, devise, conveyance and assurance in the law for the further, better and more perfectly and absolutely conveying and assuring the Property to the Chargee, as the Chargee or his solicitor may reasonably advise or require; and

(xi) the Chargor will pay the Indebtedness, interest and all other amounts secured by the Charge in the manner of payment provided in the Charge, without any deduction, set-off or abatement, and notwithstanding any countervailing equity in respect of any claim which the Chargor may have or allege to have against the Chargee, and shall observe and perform all the covenants, agreements, stipulations and provisions contained in the Charge and shall pay as they fall due all taxes, rates, charges, levies and assessments, municipal, local, parliamentary and otherwise, which now are or may hereafter be imposed, charged or levied upon the Property and shall provide the Chargee with receipts evidencing payment of the same upon request.

(b) If the Chargor is a tenant or lessee of the Property or any part thereof, the Chargor also represents, warrants and agrees with the Chargee that:

(i) the Chargor is the lawful tenant or lessee of the Property or such part thereof and has a good and marketable leasehold title to the Property, free of any Liens or claims, except any the Chargor has heretofore reported to the Chargee in writing;

(ii) the Property is leased to the Chargor under a good, valid and subsisting lease (a complete copy of which the Chargor has given to the Chargee);

(iii) all rents and other moneys payable under each Lease have been paid and the Chargor has not defaulted in respect of any of the Chargor's other obligations set out in such Lease up to the date the Chargor signed the Charge;

(iv) the Chargor has obtained the consent of the Chargor's landlord or lessor, or the Chargor has the right without such consent, to charge and sublet the Chargor's leasehold interest in the Property to the Chargee in the manner provided in the Charge;

(v) the Chargor shall pay rent and all other amounts, and perform and observe all other obligations of the lessee or tenant, all as required by each Lease, in default of which the Chargee may (but shall not be obligated to) make any such payments or perform or observe any such obligations, and the Chargor shall immediately pay the Chargee the amount of any payments made or costs and expenses incurred by the Chargee in so doing;

(vi) the Chargor shall not surrender the Lease or cause or allow it to be terminated or forfeited;

(vii) the Chargor shall not agree to any amendment of the Lease without first obtaining the Chargee's written consent;

(viii) the Chargor shall promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease or the Property; and

(ix) the Chargor shall stand possessed of the Property for the last day of the term or of any renewal term granted by each Lease in trust for the Chargee, and will assign and sell it as the Chargee may direct, but subject to the Chargor's rights herein.

INSURANCE

12. (a) The Chargor covenants to insure immediately, at its own expense, if not already so insured, and during the continuance of the Charge to keep insured in its name, with loss payable firstly to the Chargee, the Property and each and every building, structure, erection, improvement, fixture or replacement thereof, including without limiting the generality of the foregoing, all equipment, apparatus, machinery and fixtures of every kind and nature whatsoever now on the Property or which may hereafter be erected thereon, both during erection and thereafter in such amounts as the Chargee may from time to time specify but in any event in an amount not less than the full insurable replacement value thereof on a completed value basis, in lawful money of Canada, with a company or companies and by a policy or policies of insurance approved by the Chargee, against all risks of direct physical loss normally covered by "all risks" insurance with only such exclusions and exemptions as the Chargee may approve. In addition, without limiting the generality of the foregoing, the Chargor shall maintain rental income insurance (if appropriate) and comprehensive public liability insurance against liability imposed for damage, loss or injury to or death of persons or for damage to or loss of property of any person with respect to the Property, in such amounts as will in the opinion of the Chargee reasonably protect the Chargor against such losses. The interest of the Chargee shall be noted on all such policies of insurance and the Chargee shall be included thereon as a loss payee, as its interest may appear.

(b) If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or air conditioning or sprinkler system is at any time operated on the Property, the Chargor will also insure and keep insured for a full replacement value against loss or damage by explosion of or otherwise caused by any such apparatus or system.

(c) Any such insurance policy shall either be without co-insurance or have a stated or stipulated amount co-insurance clause for an amount equal to or less than the policy limit.

(d) Each policy of insurance required under the Charge shall contain mortgage clauses in favour of the Chargee in a form approved by the Chargee including without limitation, a clause or endorsement that such policy shall not be cancelled, reduced in coverage or altered in any way without at least thirty (30) days' written notice to the Chargee of such cancellation, reduction or alteration. The Chargor shall immediately give the Chargee a certified copy of each insurance policy and, not less than 30 days before any policy expires or is terminated, evidence of its renewal or replacement. The Chargee may require cancellation of any insurance required by the Charge and new insurance effected by an insurer to be approved by the Chargee.

(e) The Chargor shall not allow any policy or policies of insurance relating to the Property to be invalidated, and will forthwith assign, transfer and deliver to the Chargee such policy or policies and receipts thereto appertaining, and the Chargor hereby irrevocably assigns the proceeds of any such insurance to the Chargee. If the Chargor shall neglect to keep any part of the Property insured as herein provided, or to deliver any such policy or receipt to the Chargee or to produce to the Chargee at least fifteen (15) days before the termination of any insurance coverage evidence to the satisfaction of the Chargee of the renewal thereof, or if the Chargee receives notice of intended cancellation of any such policy, the Chargee shall be entitled to insure the Property. Provided, however, that the Chargee shall not be bound to insure the Property, or in the event of insuring the Property, to insure other than the interest of the Chargee only, or to see to the payment of the premiums on any policy, or be liable or responsible for any loss arising out of any defect in any policy or failure of any insurance company to pay for any loss thereunder. The Chargor shall immediately pay the Chargee all premiums paid and all costs and expenses incurred by the Chargee to effect such insurance.

(f) The Chargor shall forthwith notify the Chargee on the happening of any loss or damage to any part of the Property and furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance moneys. The Chargee, at its option, may apply any insurance moneys received, or may cause any such moneys to be applied:

(i) to rebuild, reinstate or repair the Property;

(ii) to be applied towards all or any part of the Indebtedness, whether due or not then due, as the Chargee in its sole discretion may decide, notwithstanding any law, equity or statute to the contrary, all rights and benefits of the Chargor under the Charge being hereby expressly waived;

(iii) in payment to the Chargor or any person appearing by the registered title to be or to have been the owner of the Property; or

(iv) partly in one way and partly in another.

(g) The Chargor, during such time or times as there is construction of any buildings or other improvements on the Property, shall maintain builder's all risk insurance with a stated amount clause for the improvement of not less than the balance outstanding hereunder or full insurable value coverage.

SALE OR LEASE

13. If the Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property or any interest in the Property or agrees to do so, without the Chargee's prior written approval, the indebtedness shall forthwith become due and payable at the Chargee's option. Acceptance by the Chargee of any payments from such purchaser or transferee not approved in writing by the Chargee shall not constitute approval or waiver under this paragraph.

REPAIR

14. (a) The Chargor shall keep the Property and all buildings, erections and improvements thereon, if any, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever it deems it necessary, by its agent, enter upon and inspect the Property and make such repairs as it deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate or rates provided in the Charge shall be added to the amount secured by the Charge and be payable forthwith and be a charge upon the Property prior to all claims thereon subsequent to the Charge.

(b) If the Chargor shall neglect to keep the Property in good condition and repair, or commit or permit any acts of waste on the Property (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge, or in any mortgage or charge to which the Charge is subject, all moneys secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given and all other remedies contained in the Charge may be exercised forthwith.

(c) The Chargor shall perform and observe the requirements of any present and future statute, law, by-law, ordinance, regulation and order affecting the operation, condition, maintenance, repair, construction, use or occupation of all or any part of the Property.

(d) If any part of the Property is farmland, the Chargor shall in each year either put into crop or summerfallow in a proper manner on every part thereof which has been or may be in the future be brought under cultivation. The Chargor shall also keep such Property clean and free from all noxious weeds and generally see that it does not depreciate in any way as farmland.

(e) If the Chargor fails as at any time for a period of 10 consecutive days to diligently carry on any improvement to or on any part of the Property, or without the written consent of the Chargee departs from the plans and specifications approved by the Chargee with respect thereto or from the generally accepted standards of construction in the locality of the Property, or if default occurs in payment of any sum required to be paid under the Charge or the Chargor fails to perform any obligation to be performed by the Chargor pursuant to the Charge, the Chargee may from time to time enter on the Property and have exclusive possession of all materials, plant and equipment, free of interference from or by the Chargor, and complete the improvement either according to such plans and specifications or according to such other plans, specifications or design as the Chargee in its absolute discretion shall determine. The Chargor shall immediately pay the Chargee all costs and expenses incurred by it in connection with any of the foregoing. In exercising any of the foregoing rights, the Chargee shall be deemed not to be a mortgagee or Chargee in possession.

(f) Any entry which may be made by the Chargee pursuant to any provision of the Charge may be made by any agents, employees and/or contractors thereof.

COSTS ADDED TO PRINCIPAL

15. The Chargor further covenants and agrees with the Chargee as follows:

(a) The Chargee shall have the right, but shall not be obliged:

(i) to pay any sum of money required to be paid under the Charge by the Chargor, or which the Chargor should have paid, or which the Chargor has the right to pay; and

(ii) to perform any covenant, agreement or obligation of the Chargor which the Chargor is required to perform under the Charge and has not performed.

The Chargee shall give the Chargor prior notice of any sum of money so paid or covenant, agreement or obligation so performed by it under the Charge. Any sum of money so paid by the Chargee and the cost of performance by the Chargee of any such covenant, agreement or obligation shall be payable immediately by the Chargor to the Chargee and shall, so long as any portion thereof remains unpaid, bear interest at the Interest Rate, and all such sum or sums and costs, together with interest and compound interest thereon shall be secured by the Charge. All such sums shall be deemed to be secured by the Charge from the date of registration hereof notwithstanding the date the same may be advanced or incurred.

(b) The Chargor shall promptly pay the full amount as and when the same shall be payable of:

(i) all Liens, charges and encumbrances upon the Property;

(ii) all charges by or expenses of the Chargee in inspecting, protecting or valuating the Property; and

(iii) all costs, fees, disbursements, charges and expenses which have been or may be incurred by the Chargee in negotiating the Charge, or in investigating or perfecting title to the Property and the capacity of the Chargor to borrow the moneys secured by the Charge, or in preparing or registering the Charge and all documents incidental or collateral hereto, or in advancing any portion of the moneys secured under the Charge, or in taking, recovering and keeping or attempting to procure possession of the Property or any part thereof, or in enforcing or attempting to enforce the personal remedies or any other remedies available under the Charge, or in collecting or attempting to collect any of the moneys secured under the Charge, or in realizing or attempting to realize on any security collateral to the Charge or in any foreclosure or other proceedings, judicial or otherwise, to protect the Property or to realize on the Charge or any security collateral to the Charge, or in connection with any receivership; and if a solicitor is retained in connection with any of the foregoing, such solicitor's fees and disbursements shall be paid on a solicitor and his own client basis or, at the option of the Chargee, on the basis of a lump sum bill; and if any other professional person or firm is retained or employed in connection with any of the foregoing, such persons or firm's fees shall be paid on the basis of their normal professional charges.

All payments, costs, disbursements, fees, charges and expenses of every nature and kind whatsoever incurred or paid by the Chargee or for which the Chargee may either be or become directly or indirectly liable, in connection with the Property or the Charge shall be payable immediately by the Chargor and shall, so long as any portion thereof remains unpaid, bear interest at the Interest Rate, and such sum or sums, together with the interest and compound interest shall be secured by the Charge. All such sums shall be deemed to be secured by the Charge from the date of registration thereof notwithstanding the date the same may have been advanced or incurred.

IMPROVEMENTS, DEMOLITION

16. (a) In this paragraph 16, the term "Improvement" has the meaning given to it in the Construction Lien Act R.S.O., c. C.30, as amended or replaced from time to time, and includes any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of any part of the Property and the demolition or removal of any building or part of any building on the Property.

(b) The Chargor agrees that no Improvement to or on the Property will be made or commenced (by the Chargor or any other person) unless the Chargor first provides a copy of all proposed plans, blueprints and specifications to the Chargee and obtains the Chargee's written consent thereto. The Improvement shall form part of the Property but, nevertheless, it is expressly agreed that the Charge is not and shall not be a building mortgage under Subsection 78(2) of the Construction Lien Act, as amended or replaced from time to time. Subject to paragraph 11, the Chargee may make advances to the Chargor under the Charge based on progress in completing the Improvement or upon its completion or, in the case of a building, its occupation or sale or otherwise. The Chargor shall construct and complete its Improvement in accordance with the plans and specifications approved by the Chargee and all applicable governmental building standards as quickly as possible and make all payments for the Improvement that it is required to make, and shall provide the Chargee with proof of such payments on request.

(c) The Chargee may retain funds from any advance or advances under the Charge until the Chargee is completely satisfied that all statutory holdback provisions have been fully complied with. Should the Chargee be required to enter any defence in any action brought pursuant to the Construction Lien Act resulting from an Improvement to the Property, legal fees and expenses on a solicitor and his own client basis and any other costs and expenses incurred by the Chargee shall be immediately repaid by the Chargor to the Chargee.

CONDOMINIUM PROVISIONS

17. (a) This paragraph 17 shall apply, in addition to the other provisions of the Charge, if all or any part of the Property is a Unit. The Chargor agrees that the common elements pertaining to the Property and any other interest that the Chargor may have in the assets of the Condominium Corporation form part of the Property and are subject to the Charge.

(b) The Charge is made pursuant to the Condominium Act.

(c) The Chargor shall comply with the Condominium Act, the Declaration and the by-laws, rules and regulations of the Condominium Corporation as they exist from time to time.

(d) The Chargor shall pay, when due, all amounts (including, without limitation, Common Expenses) which, by the terms of the Condominium Act, the Declaration or the by-laws, rules and regulations of the Condominium Corporation, are payable by the Chargor with respect to the Property and provide the Chargee on request with proof of such payment. If the Chargor does not make any such payment, the Chargee may (but shall not be obligated to) do so, and the Chargor shall immediately pay the Chargee any amount so paid.

(e) The Chargor shall mail to the Chargee, by prepaid registered mail, or deliver to the Chargee, copies of every notice, assessment, claim or demand for payment, rule, regulation, request or demand of the Chargee to consent to any matter, and every other communication relating to all or any part of the Property or the common elements of the Condominium Corporation so that the Chargee receives them at least five days before any such claim or demand is payable or, in the case of other communications, within five days after receipt by the Chargor.

(f) The Chargor irrevocably appoints, authorizes and empowers the Chargee to vote, consent or not consent respecting all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargor shall be entitled to exercise such right to vote, consent or not consent if the Chargee gives notice of its non-attendance at the specific meeting or matter;

(ii) the Chargee's right to vote, consent or not consent do not impose any obligation on the Chargee to do so nor to protect the Chargor's interests; and

(iii) the Chargee's exercise of its right to vote, consent or not consent shall not constitute the Chargee a mortgagee or Chargee in possession and shall not give rise to any liability on the part of the Chargee.

(g) The Chargor shall insure all improvements which at any time the Chargor or any previous owner makes or has made to the Property and the Chargor's common or other interest in buildings which are part of the condominium property against such risks as the Chargee may require. If the Condominium Corporation fails to obtain and maintain the insurance required by the Condominium Act, the Declaration, the by-laws or rules and regulations of the Condominium Corporation or otherwise to obtain and maintain insurance with respect to all or any part of the Property, the condominium property or the assets of the Condominium Corporation, the Chargor shall do so. If the Chargor fails to so insure, the Chargee may (but shall not be obligated to) do so and the Chargor shall immediately pay the Chargee all premiums paid by it. All policies of insurance required to be effected pursuant to this paragraph 17 upon or in respect of the buildings on the Property shall provide for any loss to be payable to the Chargee and a trustee approved by the Chargee pursuant to an insurance trust agreement approved by the Chargee, the terms of which shall not be altered without the Chargee's prior written consent. Without limiting the generality of paragraph 17(a), it is expressly agreed that the provisions of this paragraph 17(g) are in addition to the Chargor's obligations and the Chargee's rights set out in paragraph 12.

(h) In addition to the Chargee's other rights, whether under the Charge or otherwise, including the Chargee's right to require payment of the Indebtedness pursuant to any other provision of the Charge or the Indemnity, the balance of the Indebtedness will, at the Chargee's option and without notice to the Chargor, become immediately due and payable if any of the following events or circumstances shall occur and be continuing, and the Chargor shall immediately pay to the Chargee the balance of the Indebtedness:

(i) the government of the property of the Condominium Corporation, or that part thereof included in the Property by the Condominium Act is terminated;

(ii) a vote of the Condominium Corporation authorizes the sale or lease of all or substantially all its property or assets or all or any part of its common elements or all or any part of the Property, or if any part of such common elements is expropriated;

(iii) the Condominium Corporation fails to comply with any provision of the Condominium Act, the Declaration or of any of the by-laws, rules or regulations applicable to the Condominium Corporation;

(iv) the Condominium Corporation fails to insure the units and common elements thereof in accordance with the Condominium Act, the Declaration and the by-laws, rules or regulations of the Condominium Corporation; or

(v) the Condominium Corporation fails, in the Chargee's opinion, to manage its property and assets in a careful way or maintain them in good repair.

(i) The Chargor will observe all provisions of, and perform all obligations imposed upon the Chargor by the Condominium Act, the Declaration, the by-laws of the Condominium Corporation and any rules and regulations made pursuant to the Condominium Act. The Chargee may (but shall not be obligated to) observe and perform such provisions or obligations if the Chargor fails to do so and the Chargor shall immediately pay the Chargee all costs and expenses incurred by the Chargee in so doing.

EFFECT OF SUBDIVISION

18. If the Property is subdivided, each part of the Property shall continue to secure payment of the total amount of the Indebtedness and no person shall have any right to require the Indebtedness to be apportioned upon or in respect of any part of the Property.

LEASES AND RENTS

19. (a) The Chargor assigns to the Chargee, as additional security for payment of the Indebtedness (i) all leases heretofore or hereafter granted by the Chargor (or any predecessor in title) of all or any part of the Property and (ii) any rents payable from time to time under such leases and the benefit of the terms and conditions contained therein and the reversion thereunder. The Chargor shall, on request from time to time, execute a formal assignment of any of the foregoing in a form acceptable to the Chargee and, if requested by the Chargee, suitable for registration. The Chargor agrees to give the Chargee executed copies of all such leases promptly after their execution and to perform all of the Chargor's obligations thereunder. No such assignment or any act of the Chargee pursuant thereto shall operate to delay, hinder or prejudice any of the Chargee's rights or remedies under the Charge. The Chargor shall also, from time to time, execute and deliver to the Chargee such notices to lessees or others and such other documents as the Chargee may request for the purpose of protecting or enforcing its rights in respect of such assignments.

(b) The Chargee shall not be responsible for the collection of any rents assigned to it or the performance of the terms and conditions of any lease referred to in this paragraph 19. The Chargee shall be responsible to account only for rents actually received, less reasonable collection charges, and may apply such rents to the repayment of the Indebtedness, whether or not due. The Chargee shall not by reason of any such collection or any assignment referred to in this paragraph 19 be deemed a mortgagee or Chargee in possession.

(c) Notwithstanding this paragraph 19, no lease of all or part of the Property shall be made by the Chargor without the written consent of the Chargee. Notwithstanding any such consent, no such lease shall have priority over the Charge unless the Chargee expressly agrees to such priority in writing. For the purposes of the Charge, every act or omission by the lessee under any lease of all or any part of the Property shall be conclusively deemed to be the act or omission of the Chargor.

PROPERTY TAXES

20. The Chargor will pay promptly as they fall due all taxes, rates and assessments (municipal, local, parliamentary or otherwise) which now are or may hereafter be imposed, charged or levied with respect to all or any part of the Property (collectively, the "Taxes") and will, upon request, provide the Chargee with evidence satisfactory to it of such payment. Without in any way limiting or restricting the generality of the foregoing obligations and any other obligations of the Chargor, the Chargor agrees with the Chargee that:

(i) the Chargee may pay any Taxes, the whole or any installment of which has or will become payable, and the Chargor shall immediately pay the Chargee all Taxes paid by it;

(ii) whenever and so long as the Chargee requires, the Chargor will pay to the Chargee, on or before the first day of each month, or on such other date or dates as the Chargee may require from time to time, a sum sufficient, as determined by the Chargee, to enable the Chargee to pay the whole amount of any Taxes on or before the due date for payment thereof or, if such Taxes are payable in installments, on or before the due date for payment of the first installment;

(iii) the Chargor shall provide to the Chargee all tax bills and other notices relative to the imposition of Taxes immediately after receipt thereof;

(iv) all payments made by the Chargor to the Chargee pursuant to paragraph 20(ii) shall, at the Chargee's option, be either credited to a tax account or, if any event or circumstance set out in paragraph 22 has occurred and is continuing, applied against the Indebtedness (whether or not due); and

(v) if and so long as the Chargee requires payments to be made pursuant to paragraph 20(ii), the Chargee shall, so long as the Chargor is not in default hereunder, pay all Taxes as they fall due or at such earlier time as the Chargee deems fit; all such payments by the Chargee shall be debited to the tax account to the extent that the amount in such account is sufficient and, to the extent that the amount in such account is insufficient, the Chargor shall immediately pay the Chargee the amount of each such payment.

OTHER LIENS AND RENEWALS OF LEASES

21. (a) Unless the Chargee otherwise consents, the Chargor will not create or permit to exist any Lien on or against all or any part of the Property, any Lease or any leases or rents referred to in paragraph 19, other than Liens (i) for taxes which are not due or (ii) incidental to construction, repairs or current operations which have not been registered against the Property, which relate to obligations which are not due and written notice of which has not been given to the Chargee. The Chargor shall pay, when due, all amounts payable under, in respect of or secured by any Charge or other claim on, against or relating to all or any part of the Property or any Lease and shall comply with all obligations contained in the document or statute under which any such Lien or other claim arose. The Chargee may, but shall not be obligated to, pay any such amount and/or cure any default under any such document or statute and the Chargor will immediately pay the Chargee all amounts, costs and expenses paid or incurred in so doing. To the extent the Chargee pays any such amount, it shall be entitled to all equities and securities of the person or

persons so paid and it may retain any discharge or cessation of charge unregistered until paid. The Chargor shall immediately notify the Chargee in writing of the creation or coming into existence of any Lien on or against all or any part of the Property or any Lease and of the terms and conditions thereof.

(b) The Chargee may from time to time obtain an order vacating any construction lien registered against all or any part of the Property and, if the Chargee considers it necessary, provide financial guarantees or other security to facilitate the obtaining of any such order. The Chargor shall immediately pay the Chargee all costs and expenses paid or incurred by the Chargee to obtain such order or to provide such guarantees or security.

(c) If the Chargor has a leasehold interest in the Property and the Chargor refuses or neglects to renew any Lease, the Chargee may (but shall not be obligated to) from time to time effect any such renewal in its own name or otherwise. The Chargor shall immediately pay the Chargee all costs and expenses incurred by the Chargee in connection with any such renewal.

DEFAULT

22. In addition to the Chargee's other rights, whether under the Charge or otherwise, to require payment of the Indebtedness, the Indebtedness shall, at the Chargee's option, become immediately due and payable and the Chargor shall thereupon pay same to the Chargee in the event that any of the following events or circumstances shall occur and be continuing:

(i) the Chargor fails to pay when due all or any part of the Indebtedness or any amount payable pursuant to the Indemnity or other instrument, agreement or document, now or later entered into, in respect of or representing all or any part of the Indebtedness;

(ii) the Chargor fails to observe or perform any provision or obligation hereunder or under the Indemnity, any loan agreement, bill of exchange, promissory note, guarantee or other instrument, agreement or documents (negotiable or otherwise) now or later entered into with or in favour or held by the Chargee except as contemplated in paragraph 22(i);

(iii) any statement any Guarantor has given or made at or prior to signing the Charge (including without limitation those contained in paragraph 11, which shall be deemed to have been given or made when the Charge was signed) in respect of the Property, the Chargor, any Lease, the Indebtedness, any Guarantor or the affairs of any Guarantor, is untrue in any material way on the date given or made;

(iv) any Lien or notice of a Lien is registered against the title to all or any part of the Property without the Chargee's prior written consent;

(v) the Property is abandoned or any act of waste is committed as to all or any part of the Property or any building or other structure now or later being erected on the Property remains unfinished and without any work being done on it for a period of ten consecutive days;

(vi) the Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property, any Lease or any interest in any of the foregoing, or agrees to do so, without the Chargee's prior written consent;

(vii) the Chargor ceases to carry on the business ordinarily carried on from the Property without the Chargee's prior written consent;

(viii) any order is made or resolution passed for the winding-up, liquidation or other dissolution of an Guarantor which is a corporation or there is a change in the membership or dissolution of an Guarantor which is a partnership;

(ix) in the opinion of the Chargee, there is a change in the effective control of a Guarantor which is a corporation;

(x) a Guarantor makes an assignment for the benefit of creditors, or any proceedings shall be instituted by or against a Guarantor seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for it or any of its property (excluding proceedings which are being contested by such Guarantor in good faith, which have been outstanding for fewer than thirty days and in respect of which any enforcement proceedings are stayed), or a Guarantor is declared bankrupt, or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Property, or power of sale or foreclosure proceedings are commenced against all or any part of the Property;

(xi) another encumbrancer takes possession of all or any part of the Property or a distress or execution or other similar process is brought against all or any part of the Property;

(xii) if all or any part of the Property is expropriated; or

(xiii) if any representation or warranty given by the Chargor in the Charge or in this set of Standard Charge Terms is untrue or misleading in any material respect.

REMEDIES ON DEFAULT

23. (a) If any of the events or circumstances set out in paragraph 22 has occurred and is continuing, the Chargee may (but shall not be obligated to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any one or more of the following remedies:

(i) sue the Chargor for all or any part of the Indebtedness;

(ii) distrain for arrears of all or any part of the Indebtedness;

(iii) take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Property or any Lease, to take possession of it and/or to sell, lease or otherwise deal with it;

(iv) enter on and take possession of all or any part of the Property;

(v) sell and/or lease all or any part of the Property or sell the unexpired term of any Lease;

(vi) assign any Lease and sell the last day of the term granted by the Lease and/or remove the Chargor or any other persons from being a trustee on the last day of the term of any Lease and appoint a new trustee or trustees in its place;

(vii) appoint in writing a Receiver of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place;

(viii) apply to a court of competent jurisdiction for the appointment of a receiver;

(ix) exercise in respect of the insurance policies, insurance trust agreements, leases, rents and benefits assigned pursuant to paragraphs 12(e) and 19(a) the remedies exercisable by the Chargee in respect of all or any part of the Property; and

(x) exercise any other rights or remedies which the Chargee may have, whether pursuant to the Charge, at law, in equity, by contract or otherwise.

(b) Nothing contained herein and nothing done by the Chargee or any Receiver, other than taking possession of the Property in fact, shall render the Chargee or such Receiver a mortgagee or Chargee in possession.

(c) The Chargor hereby waives the right to claim any exemption with respect to the Chargee's right of distress and agrees that the Chargee shall not be limited as to the amount for which it may distrain.

(d) Any sale contemplated or permitted herein may be for cash or for credit, or partly for cash and partly for credit, by tender, private sale or public auction, as a whole or in separate parcels, with or without a reserve bid, with or without advertisement and at any time or times and on such terms as the Chargee thinks reasonable. The Chargee will be accountable for sale proceeds or rent only when received in cash. The Chargee may use the services of any real estate agent in connection with any sale or lease (including any agent affiliated with the Chargee). The Chargee may apply the net proceeds of any lease or sale to any part of the Indebtedness determined by the Chargee and the Chargor will pay the Chargee any part of the Indebtedness remaining unpaid.

(e) The Chargee may cancel or amend any contract of sale or lease and sell or lease again, or adjourn any such sale from time to time, all as the Chargee thinks reasonable, without being responsible for any resulting loss.

(f) Any purchaser or lessee from the Chargee or a Receiver pursuant hereto shall not be required to see to the validity, legality, regularity or propriety of such sale or lease, or that a default has happened on account of which the sale or lease is being made. The Chargor agrees that each such purchaser and lessee will receive good title to or a valid lease of that part of the Property sold or leased, and that the Chargor will not make any claims concerning the validity, legality, regularity or propriety of the sale or lease against the purchaser or lessee or their successors in title. The Chargor's only claim respecting such validity, legality, regularity or propriety will be made against the Chargee and will be in damages only.

(g) The Chargee may lease or sell without entering into actual possession of the Property and, while in possession, shall only be accountable for moneys actually received by it.

(h) Without limiting the generality of paragraph 23(a), sales may be made from time to time of parts of the Property to satisfy any part of the Indebtedness, leaving the balance thereof secured under the Charge on the remainder of the Property.

(i) If the Chargor has a leasehold interest in the Property, the Chargor irrevocably appoints each officer of the Chargee (with the power of substitution) to be the Chargor's attorney during the continuance of the Charge so as to permit the Chargee to execute any document or do any act or thing which the Chargee is permitted or the Chargor is required to execute or do pursuant to the provisions hereof.

(j) If the Chargor has a leasehold interest in the Property, the Chargor shall (i) at the request of the Chargee and at the cost and expense of the Chargor, sell and assign to the Chargee or any person appointed by the Chargee, the last day of the term of the Lease or any renewal term and (ii) in the event of any sale by the Chargee as contemplated in the Charge, hold such last day in trust for the purchaser, and the purchaser's heirs, executors, administrators, successors and assigns.

(k) Neither the Chargor nor any person claiming an interest in the Property through the Chargor shall interfere in any way with the Chargee's possession of the Property obtained pursuant to the provisions hereof nor with the possession of anyone to whom all or any part of the Property is sold or leased by the Chargee or any Receiver appointed pursuant to the provisions hereof.

(l) No remedy herein conferred upon or reserved to the Chargee is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral thereto, and each and every such remedy shall be cumulative, and shall be in addition to any security collateral to the Charge or now or hereafter existing at law or in equity or by statute. Every power and remedy given by the Charge to the Chargee may be exercised from time to time as often as may be deemed expedient by the Chargee.

RECEIVER

24. The Chargee may by writing either itself or under the hand of any solicitor or agent authorized on its behalf, upon the occurrence of any of the events or circumstances set out in paragraph 22 or a default in the observance or performance of any covenant, proviso or condition contained herein, appoint a receiver or manager, or receiver and manager, or receiver-manager (each, a "Receiver") of the Property or any portion thereof, and every such Receiver shall be deemed the agent of the Chargor, and the Chargor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the Property of which he may be appointed Receiver, by action, distress or otherwise, either in the name of the Chargor or the Chargee, and may give effectual receipts therefor. Every such Receiver may in writing at the discretion of the Chargee be vested with any or all of the powers and discretions of the Chargee herein contained and such Receiver may complete the construction of any uncompleted structure or carry on the business of the Chargor relating to the Property or any part thereof and may exercise all the powers conferred upon the Chargee hereunder. The Receiver may be removed, in which case, and if any Receiver dies or refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by the Chargee in writing either itself or under the hand of any authorized solicitor or agent as aforesaid. The Chargee may from time to time fix the remuneration of every such Receiver and may recompense every such Receiver for his disbursements properly incurred in carrying out his duties, and his fees and such payments shall be a charge upon the Property, shall be payable on demand and shall bear interest at the rate or rates provided in the Charge. The Chargee shall not

be deemed to be a mortgagee in possession and shall not be accountable except for the moneys actually received by it, and the person paying money to or in any way dealing with the Receiver shall not be concerned to inquire whether any cause has happened to authorize the Receiver to act.

Subject to the retention of its remuneration and disbursements as aforesaid, the Receiver shall apply all moneys received by it in such of the following modes and in such order or priority as the Chargee may from, time to time, at its option direct in writing:

(i) in discharge of all rents, taxes, assessments, common expenses and outgoings whatsoever affecting the Property;

(ii) in payment of any amounts due under any mortgage or Lien of or on the Property;

(iii) in payment of any premiums on fire or other insurance, if any, properly payable under the Charge, payment of which is directed or confirmed in writing by the Chargee;

(iv) in payment of the costs of executing necessary or proper repairs to the Property or any part thereof, directed or confirmed in writing by the Chargee;

(v) in payment of the costs of carrying out or executing any of the powers, duties or discretions which vest in or may be vested in the Receiver;

(vi) in payment of the interest due or payable under the Charge; and

(vii) in or towards the discharge of the Indebtedness or any installments thereof or solicitor's costs or other moneys due and payable under the Charge, if and to the extent directed in writing by the Chargee.

The Chargee shall pay the residue, if any, out of the moneys received by it to the person who but for the possession of the Receiver would have been entitled to receive the income of which it is appointed Receiver.

NO FURTHER ENCUMBRANCES

25. The Chargor shall not further charge or otherwise encumber the Property without first obtaining the consent in writing of the Chargee, which consent may be arbitrarily withheld.

FAMILY LAW ACT

26. The Chargor will advise the Chargee and furnish the Chargee with full particulars immediately after any change or happening affecting any of the following, namely (i) the spousal status of the Chargor, (ii) the qualification of the Property as a matrimonial home within the meaning of Part II of the Family Law Act S.O., 1990 c. F.3, and (iii) the legal title or beneficial ownership of the Property.

MORTGAGE STATEMENTS

27. The Chargor, within five (5) days after receipt of the request to do so, shall certify to the Chargee or any person designated by the Chargee the amount of Indebtedness then due under the Charge, the date to which interest is paid, that it has no right of set-off against the moneys due hereunder, or if it has such a right of set-off, the amount thereof, and that there have been no amendments hereto or, if there has been any such amendment, specifying it. The Chargee shall, upon request, but at the expense of the Chargor, provide mortgage statements to the Chargor within fifteen (15) days after receipt of such a request.

COMPLIANCE WITH LAWS

28. The Chargor shall obey or cause to be obeyed all laws, rules, regulations and by-laws, whether federal, provincial or municipal, which in any way relate to the Property or the use thereof.

WITHHOLDING TAX

29. If the Chargor is required to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the Chargor shall pay to the Chargee such additional amounts ("Additional Amounts") to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of any such deduction or withholding) a net amount (including Additional Amounts) equal to the amount which it would have received and so retained had no such deduction or withholding been made or required to be made. If the Chargor makes any payment under the Charge in respect of which it is required to make any deduction or withholding, it shall pay the full amount required to be deducted or withheld to the relevant taxation or other authority within the time required for such payment under applicable law and shall promptly deliver to the Chargee after it has made such payment to the applicable authority a receipt issued by such authority evidencing the payment or other evidence of such payment satisfactory to the Chargee.

FOREIGN CURRENCY CONVERSION

30. If, for the purposes of obtaining judgment in any Court, it is necessary to convert a sum due under the Charge in any currency (the "Original Currency") into another currency (the "Other Currency"), the Chargor and Chargee agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Chargee could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is given or, if permitted by applicable law, on the day on which such judgment is paid or satisfied.

The obligations of the Chargor in respect of any sum due in the Original Currency to the Chargee under the Charge shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Chargee, the Chargee may in accordance with normal banking procedures purchase the Original Currency with such Other Currency, and the Chargor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Chargee against any loss or shortfall sustained by the Chargee as a result of any conversion of currency as provided for herein.

DISCHARGE OF CHARGE

31. Upon payment in full of all the Indebtedness, including interest as provided in the Charge calculated to the date payment is received by the Chargee at its Place of Payment and cancellation, expiry or release of all instruments and contracts constituting or evidencing the Indebtedness and the due performance of all covenants by the Chargor, the Chargee shall, at the expense of the Chargor, execute and deliver to the Chargor within a reasonable time thereafter a discharge of the Charge.

CONFLICT PROVISIONS

32. The Charge is being executed and delivered pursuant to commitment letters between the Chargor and Lloyds and the Chargor and the Chargee and as collateral security for the Indemnity. It is understood and agreed that all of the provisions of the said commitment letters and Indemnity including, without limitation, all conditions, representations, warranties and provisos contained therein or hereby incorporated by reference into the Charge, and into all other security documents being delivered in connection with the loan transaction and into any other document requested by the Chargee or required to be delivered from time to time pursuant thereto in order to furnish the security agreed to be provided for the loan (all of which security documents or agreements are collectively referred to herein as the "Security Documents") and all such conditions, representations, warranties and provisos as contained in the aforementioned commitment letters and Indemnity shall not merge in any document delivered relating to the loan, but shall survive all such deliveries. In the event and to the extent that the provisions of the Charge concerning, among other things, the payment of interest on any Indebtedness conflict with the provisions of the commitment letters or Indemnity pursuant to which the Indebtedness is created, arises or is evidenced, the provisions of the commitment letters and the Indemnity shall prevail.

ENUREMENT

33. The covenants and agreements herein contained shall extend to, be binding upon and enure to the benefit of the successors and assigns of each of the Chargor and Chargee, respectively.

SEVERABILITY OF ANY INVALID PROVISIONS

34. If any one or more of the provisions contained in the Charge or this Set of Standard Charge Terms shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any or all other provisions of the Charge or this Set of Standard Charge Terms, and the Charge shall be construed as if such invalid, illegal or unenforceable provisions had never been contained therein.

NOTICES

35. Any and all written notices or written communications given or required to be given to the Chargor or Chargee pursuant to the Charge shall be delivered personally or by private courier or may be mailed, postage prepaid to the Chargor's mailing address. Any such notices or written communications shall be conclusively deemed to have been given and received on the date of such delivery and received on the date of such delivery or the third day after such mailing. For the purposes of the foregoing, the address for notice of each of the Chargor and Chargee shall be their respective Mailing Addresses.

GOVERNING LAWS

36. The Charge shall be governed by the laws of Ontario and the laws of Canada applicable therein.

ACKNOWLEDGMENT

37. This set of Standard Charge Terms is included in a Charge dated the _____ day of _____, made by _____ as Chargor(s) to Lloyds Far East (BVI) Limited as Chargee and each Chargor, and Guarantor, where applicable, hereby acknowledges receiving and reviewing a copy of this set of Standard Charge Terms before signing this Charge.

Dated at this day of , 199 .

_____
Chargor

_____
Chargor

_____
Guarantor

_____
Guarantor

Dated the 10th day of August, 1999.

Lloyds Far East (BVI) Limited
by its solicitor

Kagan Zucker Feldbloom Shastri

Per:

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9911 Cote

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9912 Cote
Filing Date 18 AUGUST 1999 Date de Dépôt
Page 1 of/de 25 (Twenty-Five) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FORM 00960 (07/99)

CHARGE TERMS

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS FOR ELECTRONIC DOCUMENTS (COMMERCIAL CHARGES)

Filed by
ROYAL BANK OF CANADA
ROYAL TRUST CORPORATION OF CANADA

Filing Date: _____, 1999
Filing Number:

The following set of standard charge terms shall apply to electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, R.S.O. 1990, c.L.4., as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

Any charge in an electronic format of which this set of standard charge terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge". Whenever reference is made in this set of standard charge terms to the Charge, it shall include this set of standard charge terms and all terms and provisions of this set of standard charge terms .

Any reference to the "Computer Field" in the Charge means a computer data entry field in a charge registered pursuant to Part III of the Land Registration Reform Act into which the terms and conditions of the Charge may be inserted.

1. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "Principal" (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("Additional Principal Amounts"). The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

2. CHARGE

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" together with all buildings, fixtures, improvements and facilities whatsoever situate thereon at the time of delivery for registration of the Charge or thereafter constructed or placed thereon (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee" (the "Chargee") of the Principal

Amount and interest thereon and any Additional Principal Amounts and interest thereon, and all other monies secured by the Charge upon the terms as set out in the Charge including this set of standard charge terms.

3. INTEREST

(a) VARIABLE INTEREST RATE

If the interest rate indicated in the Computer Field of the Charge entitled "Rate" is based upon the Prime Rate, as hereinafter defined, the rate of interest chargeable on the Principal Amount and any Additional Principal Amounts is a rate equal to the Prime Rate per annum as the same will vary from time to time, plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "Rate" (the "Variable Interest Rate") and shall be payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

The Variable Interest Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Variable Interest Rate will always be the Prime Rate plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge and both before and after default and judgment until paid.

"Prime Rate" means the annual rate of interest announced from time to time by the Chargee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the said certificate.

For the purposes of the *Interest Act*, R.S.C. 1985, c.I-15, as amended (the "Interest Act"), it is understood, agreed and declared that the amount of principal money secured by the Charge is the Principal Amount and the Additional Principal Amounts, if any, and the rate of interest chargeable thereon, calculated half-yearly, not in advance, is the half-yearly rate set forth in the table of equivalent interest rates below:

These equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Charge as set out in this Section 3(a). The following table sets out interest rates calculated half-yearly, not in advance, which are equivalent to interest rates calculated monthly, not in advance. The Chargor may determine the equivalent rate by locating the Variable Interest Rate payable under the Charge in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATES

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648

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Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.500	18.151
8.125	8.264	17.625	18.285
8.250	8.393	17.750	18.419
8.375	8.522	17.875	18.554
8.500	8.652	18.000	18.689

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Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
8.625	8.781	18.125	18.823
8.750	8.911	18.250	18.958
8.875	9.041	18.375	19.093
9.000	9.170	18.500	19.228
9.125	9.300	18.625	19.363
9.250	9.430	18.750	19.498
9.375	9.560	18.825	19.633
9.500	9.690	19.000	19.768
9.625	9.820	19.125	19.903
9.750	9.950	19.250	20.039
9.875	10.080	19.375	20.174
10.000	10.211	19.500	20.310
10.125	10.341	19.625	20.445
10.250	10.471	19.750	20.581
10.375	10.602	19.875	20.716

(b) FIXED INTEREST RATE

If the interest rate indicated in the Computer Field of the Charge entitled "Rate" is a specified annual percentage not based on the Prime Rate (the "Fixed Interest Rate"), the rate of interest chargeable on the Principal Amount and any Additional Principal Amounts is that Fixed Interest Rate per annum, payable monthly, and calculated half-yearly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(c) For the purposes of the Charge, the Fixed Interest Rate or the Variable Interest Rate, as the case may be, shall be hereinafter referred to as the "Charge Rate". Whenever reference is made to the "Charge Rate" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "Rate", and shall be calculated and payable as set out in the Charge.

4. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act, shall be and are hereby expressly excluded from the terms of the Charge.

(b) The Charge shall be void upon the Chargor paying to the Chargee in lawful money of Canada, the Principal Amount and any Additional Principal Amounts, with interest thereon computed from the date of advance thereof at the Charge Rate, which interest is either payable monthly and calculated monthly (in the case of a Variable Interest Rate as set out in Section 3(a) hereof), or payable monthly and calculated half-yearly (in the case of a Fixed Rate of Interest as set out in Section 3(b) hereof), not in advance, as well after as before maturity and both before and after default and judgment until paid. Such interest shall be calculated as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until the date indicated in the Computer Field of the Charge entitled "Interest Adjustment Date" (such date being hereinafter referred to as the "Interest Adjustment Date"), shall become due and be paid on the Interest Adjustment Date. Provided that the Chargee may require such interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on a date in the month next following the first advance which date shall be the day of the month for payment indicated in the Computer Field of the Charge entitled "Payment Date", and on the same day of each and every month thereafter and the balance, if any, of the interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee interest so

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due and payable may be deducted from such advances. Thereafter, the Principal Amount together with interest thereon at the Charge Rate, computed from the Interest Adjustment Date, shall become due and be paid by consecutive monthly instalments. Such instalments shall be in the amount indicated in the Computer Field of the Charge entitled "Payment" and shall be paid in each and every month in each and every year on the payment dates specified in the Charge from and including the date indicated in the Computer Field of the Charge entitled "First Payment Date" and to and including the date indicated in the Computer Field of the Charge entitled "Last Payment Date" and the balance, if any, of the Principal Amount and interest thereon shall become due and payable on the date indicated in the Computer Field of the Charge entitled "Balance Due Date" (the "Balance Due Date"); and also paying to the Chargee in lawful money of Canada, any Additional Principal Amounts with interest thereon at the Charge Rate at the times and in the manner set out in the Charge, or as otherwise agreed to by the Chargor and the Chargee; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions in the Charge.

5. NO PREPAYMENT

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

6. ADDITIONAL ADVANCES

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all principal amounts, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only that portion of the Principal Amount then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the principal amount outstanding at such time at the Charge Rate.

7. APPLICATION OF PAYMENTS AND WITHHOLDING FROM PAYMENTS

(a) Provided that if the Charge is repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to any life insurance premiums payable by the Chargor in respect of the Charge, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest calculated as provided in the Charge on the principal amounts from time to time outstanding (the "Outstanding Principal Amount") and the balance of the said instalments shall be applied on account of the portion of the Principal Amount then outstanding: except, however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Chargor.

Also, if the Charge Rate is a Variable Interest Rate, while the amount of each consecutive monthly instalment to be paid by the Chargor under the Charge is fixed under the terms of the Charge, the respective portions of interest and principal which comprise each instalment may vary as the Prime Rate varies.

"Deferred Interest" shall mean the amount by which the interest that has accrued on the Outstanding Principal Amount from one payment date under the Charge to the next payment date exceeds the amount of each installment (or such other amount agreed to by the Chargor and the Chargee, in writing, as the amount to be paid on a payment date) and thus remains unpaid. So long as the Chargor is not in default under the Charge the Chargee shall apply each monthly installment, and any other payment that may be made from time to time by the Chargor firstly to

life insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest at the Charge Rate calculated as provided in the Charge on the Outstanding Principal Amount, fourthly to Deferred Interest and interest thereon calculated in accordance with the Charge and fifthly to the reduction of the Outstanding Principal Amount, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

If the Prime Rate rises, a larger portion of any instalment will be applied against the accrued interest then outstanding, thus delaying the reduction of the portion of the Principal Amount then outstanding under the Charge. If the Prime Rate falls, a larger portion of any instalment will be applied against the portion of the Principal Amount then outstanding, thus accelerating the reduction of the principal amount outstanding under the Charge.

In the event that any monthly instalment is not sufficient to pay all accrued interest on the date of such payment, the Deferred Interest will form a charge on the Charged Premises and shall bear interest at the Charge Rate. On the next payment date if all accrued interest is not paid the amount of interest that remains unpaid will bear interest at the Charge Rate and the unpaid interest will be added to the Deferred Interest and so on.

(b) **Withholdings from Payments:** If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within thirty days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

(c) **Tax on Loan:** The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

8. COMPOUND INTEREST

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and if the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises.

9. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date in the Charge and are unpaid at the date of such advance.

(b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

(c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.

(d) The Chargee agrees to apply the foregoing deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

(e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

10. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

11. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

(a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

(b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

(d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part therefor of any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Insurance

The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "all risks" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto

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appertaining. Without limiting the foregoing, such policy or policies shall include the following insurance coverage:

(i) "All risks" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least thirty (30) days and it shall provide for partial occupancy;

(ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;

(iii) Business interruption or rental loss insurance covering perils insured in paragraphs (a) and (b) above acceptable to the Chargee for an indemnity period of not less than twelve (12) months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and

(iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than Two Million ($2,000,000.00) Dollars or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least thirty (30) days prior written notice to the Chargee of such cancellation.

Such policies shall also provide that the Chargee shall receive at least thirty (30) days prior written notice of any material alteration of such policy.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least fifteen (15) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the debt secured by the Charge or any part thereof whether due or not then due.

If the Charged Premises are part of a Condominium the insurance provisions set out in this paragraph (g) will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policies and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, R.S.O 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(i) Compliance with Leases

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(j) Contiguous Property

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee.

12. ASSIGNMENTS OF RENTS AND LEASES

The Chargor covenants and agrees to execute and deliver and to authorize and direct the registration in favour of the Chargee from time to time as and when required by the Chargee assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and offers to lease and agreements to lease of portions of the Charged Premises now or hereafter from time to time granted or entered into by the Chargor (the "Assigned Leases"), all of such assignments to be held by the Chargee as further security for the monies owing and secured under the Charge. The form and content of all leases and offers to lease and agreements to lease relating to the Charged Premises or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Chargee. All of the Assigned Leases as and when required by the Chargee shall, at the option of the Chargee, be duly registered in such places and at such times as the Chargee may require from time to time.

The Chargor further covenants and agrees that, at the request of the Chargee, it shall cause any tenant or lessee in possession of the Charged Premises at the time of such request to execute and deliver and authorize and direct the registration in favour of the Chargee a postponement agreement in favour of the Chargee's interest in the Charged Premises.

13. RELEASE

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

14. FINANCIAL STATEMENTS

The Chargor further covenants with the Chargee to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within sixty (60) days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee audited financial statements within one hundred and twenty (120) days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

15. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding or the interest thereon or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O.1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and

assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this section shall prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

16. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

17. PRINCIPAL DUE ON DEFAULT

It is agreed by the Chargor and the Chargee that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such principal amounts had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

18. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

19. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

20. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of

the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

21. PARTIAL RELEASE

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

22. DEFAULT IN PRIOR CHARGES

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

23. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, as between a solicitor and his client, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

24. WASTE, VACANCY AND REPAIR

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with paragraph 25 herein, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the

Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

25. ACCESS TO PROPERTY AND INSPECTION

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding paragraph 18 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

26. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

27. PARKING AREA

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

28. RESIDENTIAL RENTAL PROPERTY

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

(a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;

(b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing;

and, as provided in laws applicable to residential housing:

(c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;

(d) all required filings have been made and were timely, accurate and complete;

and, pursuant to laws applicable to residential housing:

(e) no applications, investigations or proceedings have been commenced or made; and

(f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer/director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.

The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

29. PROPERTY MANAGEMENT

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "Property Management Firm") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

30. NON-MERGER

Provided and it is agreed, that the taking of a judgement or judgements on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgement shall have been fully paid and satisfied.

31. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

32. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

33. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in paragraph 15 and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

34. EXTENSIONS

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

35. RENEWAL

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Charge may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement. The Interest Act permits the prepayment of charges with three (3) months' further interest once five (5) years have elapsed from the date of the Charge. For the purpose of this statutory right of prepayment only, the Chargor agrees that the date of the Charge if so renewed or extended will be the renewal date stipulated in the renewal or extension agreement. Nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor.

36. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

37. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

38. PLACE OF PAYMENT

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

39. SPOUSES'S CONSENT

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

40. FAMILY LAW ACT

The Chargor covenants and agrees that forthwith after any change or happening affecting:

(a) the spousal status of the Chargor; or

(b) the qualification of the Charged Premises as a matrimonial home within the meaning of the *Family Law Act,* R.S.O. 1990, c.F.3, as amended (the "Family Law Act"); or

(c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the said Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

41. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

43. SALE OF THE CHARGED PREMISES

The Chargor agrees that the Principal Amount, any Additional Principal Amounts and all accrued interest shall at the option of the Chargee become immediately due and payable in full if the Charged Premises or any part thereof or any interest therein is sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of without the prior written consent of the Chargee, or if the Chargor enters into an agreement to effect any of the foregoing, whether for valuable or nominal consideration, without the prior written consent of the Chargee.

44. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

(a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or

(b) without the written consent of the Chargee first had and obtained,

(i) the Chargor issues or redeems any of its shares or transfers any of its shares,

(ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or

(iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

45. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the

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Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:

(i) collect the rents and profits from tenancies whether created before or after these presents;

(ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises.

(f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:

(i) the remuneration of the receiver as aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;

(iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;

(iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.

(j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

46. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

(a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

(b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and

(d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

(a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this clause, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this clause, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

47. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and

(iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

(d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

48. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

49. DEBT SERVICE COVERAGE

In the event that at the time of a review of the Chargor's financial statements or an inspection of the Charged Premises by the Chargee, the gross annual rental income relating to the Charged Premises has fallen below the minimum gross annual rental income required by the Chargee pursuant to any loan agreement or loan commitment between the Chargor and the Chargee relating to the Charge, the Chargee may require reimbursement of a part of the principal amount of the Charge in order to ensure compliance with such requirement.

50. EXPROPRIATION

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

51. TAX ON LOAN

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the principal of, or the interest on, the amounts secured by the Charge and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in paragraph 8.

52. COMMITMENT LETTER

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided.

53. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in these standard charge terms and the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominum) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declarion registered in connection with the Condominium Corporation and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

54. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

55. DATE OF CHARGE

The Charge unless otherwise specifically provided shall be deemed to be dated as of the date of delivery for registration of the Charge.

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56. EFFECT OF DELIVERY

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

DATED this 30th day of July, 1999.

ROYAL BANK OF CANADA

Per: _____

Name: Brad Lambert

I have authority to bind the Bank.

Title: Vice President

ROYAL TRUST CORPORATION OF CANADA

Per: Louise Smith

I have authority to bind the Corporation.

Name: ~~Gord Gates~~ Louise Smith, Vice President

Title: ~~Senior Manager, Trust Assistant Corporate Secretary~~

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STANDARD CHARGE TERMS
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Filing No. 9913 Cote
Filing Date 18 AUGUST 1999 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FORM 00962 (07/99)

CHARGE TERMS

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS
(RESIDENTIAL CHARGES)

Filed by: Filing Date:_____, 1999
ROYAL BANK OF CANADA and Filing Number:
ROYAL TRUST CORPORATION OF CANADA

The following set of standard charge terms shall be deemed to be included in every Charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

1. DEFINITIONS

(a) General Definitions

The following terms shall have the following meanings irrespective of whether the Charge is an ERS Charge or a Form 2 Charge:

(i) "Additional Principal Amounts" — means any additional principal amounts advanced by the Chargee to the Chargor, at the Chargee's option, from time to time under the Charge;

(ii) "Charge" — means a Form 2 Charge or ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the Land Registration Reform Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

(iii) "Charge Rate" — has the meaning given to it in paragraphs 4(a) or 4(b) of these standard charge terms, as applicable;

(iv) "Charged Premises" — means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

(v) "Condominium Act" — means the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced from time to time;

(vi) "Condominium Corporation" — means the condominium corporation created by the registration pursuant to the Condominium Act of a Declaration in which a portion of the lands described in the Declaration are the Charged Premises;

(vii) "Declaration" — means the declaration which, together with a description, was registered pursuant to the Condominium Act thereby creating the Condominium Corporation, as same may be amended from time to time;

(viii) "Deferred Interest"— means the amount by which the interest that has accrued on the aggregate of the portion of the Principal Amount then outstanding plus any Additional Principal Amounts then outstanding from one payment date under the Charge to the next payment date under the Charge exceeds the Payment Amount (or such other amount agreed to by the Chargor and the Chargee, in writing as the amount to be paid on a payment date) and thus remains unpaid;

(ix) "Double-Up Payment Option" — means the prepayment privileges described in section 14 of these standard charge terms;

(x) "ERS Charge" — means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the Land Registration Reform Act and the regulations made pursuant thereto;

(xi) "Form 2 Charge" — means a Charge/Mortgage of Land registered using a paper based system of registration pursuant to the provisions of Part I of the Land Registration Reform Act and the regulations made pursuant thereto;

(xii) "Land Registration Reform Act" — means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(xiii) "Lease" — has the meaning given to it in section 20 of these standard charge terms;

(xiv) "Loan to Value Ratio" — means the ratio of the Principal Amount of the Charge to the lesser of: (i) the purchase price paid by the Chargor to acquire the Charged Premises; or (ii) the appraised value of the Charged Premises on the date the Charge takes effect. The appraised value of the Charged Premises shall be determined by the Chargee in its sole discretion.

(xv) "NHA" — means the *National Housing Act*, R.S.C. 1985, c.N-11 as amended or replaced from time to time;

(xvi) "Outstanding Principal Amount"— means the aggregate of that portion of the Principal Amount and the portion of any Additional Principal Amounts that are outstanding from time to time under the Charge;

(xvii) "Renting" — means the renting, leasing, entering into of a tenancy agreement with, or allowing occupancy by a Tenant of the whole or any part of the Charged Premises;

(xviii) "Residential Loan Base Rate" — means the annual rate of interest announced from time to time by the Chargee as a reference rate then in effect for determining interest rates on Canadian dollar residential loans in Canada and means the same as "RBLR" if that acronym is used in the Charge;

(xix) "Reversion" — has the meaning given to it in paragraph 20(b) of these standard charge terms.

(xx) "taxes" — means all municipal taxes, school taxes and local improvement rates chargeable against the Charged Premises;

(xxi) "Tenant" — has the meaning set out in Section 1 of the *Tenant Protection Act, 1997*, S.O. 1997, c. 24, as amended (the "Tenant Protection Act"); and

(xxii) "term" — means the period of time from the Interest Adjustment Date to the agreed upon maturity date of the Charge.

(b) **Form 2 Charge Definitions**

If the Charge is a Form 2 Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" — means the date indicated in Box 9(i);

(ii) "Box" — means a box contained in the Form 2 Charge in which the names of parties to and the terms of the Form 2 Charge may be indicated;

(iii) "Chargee" — means the party referenced in Box 13;

(iv) "Chargor — means each and every party referenced in Box 11;

(v) "Covenantor" — has the meaning given to it in section 41 of these standard charge terms;

(vi) "First Payment Date" — means the date indicated in Box 9(f);

(vii) "Fixed Rate Mortgage" — means a Charge which is stated to be a Fixed Rate Mortgage in Box 10;

(viii) "Interest Adjustment Date" — means the date indicated in Box 9(d);

(ix) "Last Payment Date" — means the date indicated in Box 9(g);

(x) "Maximum Charge Rate" — means the percentage per annum indicated in Box 10 which percentage is stated to be the Maximum Charge Rate for a RateCapper Mortgage;

(xi) "Open Mortgage" — means a Charge which is stated to be an Open Mortgage in Box 10;

(xii) "Payment Amount" — means the dollar amount of money indicated in Box 9(h);

(xiii) "Principal Amount" — means the dollar amount of money indicated in Box 4;

(xiv) "Rate" — means the interest rate expressed in words and/or numbers in Box 9(b);

(xv) "RateCapper Mortgage" — means a Charge which is stated to be a RateCapper Mortgage in Box 10; and

(xvi) "Variable Rate Mortgage" — means a Charge which is stated to be a Variable Rate Mortgage in Box 10.

(c) **ERS Charge Definitions**

If the Charge is an ERS Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" — means the date indicated in the Computer Field entitled "Balance Due Date";

(ii) "Chargee" — means the party indicated in the Computer Field entitled "Chargee";

(iii) "Chargor" — means each and every party indicated in the Computer Field entitled "Chargors";

(iv) "Computer Field" — means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge may be indicated;

(v) "First Payment Date" — means the date indicated in the Computer Field entitled "First Payment Date";

(vi) "Fixed Rate Mortgage" — means a Charge which is stated to be a Fixed Rate Charge in the Computer Field entitled "Additional Provisions";

(vii) "Interest Adjustment Date" — means the date indicated in the Computer Field entitled "Interest Adjustment Date";

(viii) "Last Payment Date" — means the date indicated in the Computer Field entitled "Last Payment Date;

(ix) "Maximum Charge Rate" — means the percentage interest rate per annum indicated in the Computer Field entitled "Additional Provisions" which percentage is stated to be the Maximum Charge Rate;

(x) "Open Mortgage" — means a Charge which is stated to be an Open Mortgage in the Computer Field entitled "Additional Provisions";

(xi) "Payment Amount" — means the dollar amount of money indicated in the Computer Field entitled "Payment";

(xii) "Principal Amount" — means the dollar amount of money indicated in the Computer Field entitled "Principal";

(xiii) "Rate" — means the interest rate expressed in words and/or numbers indicated in the Computer Field entitled "Rate";

(xiv) "RateCapper Mortgage" — means a Charge which is stated to be a RateCapper Mortgage in the Computer Field entitled "Additional Provisions"; and

(xv) "Variable Rate Mortgage" — means a Charge which is stated to be a Variable Rate Mortgage in the Computer Field entitled "Additional Provisions".

2. FREEHOLD CHARGE

If the Chargor named in the Charge has a fee simple interest in the Charged Premises the following paragraph applies to the Charge:

The Chargor named in the Charge of which this set of standard charge terms forms a part by reference to its filing number in such Charge charges the Charged Premises with the payment to the Chargee of the principal and interest and all other monies secured by the Charge upon the terms as set out in the Charge.

3. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the Principal Amount, plus the Additional Principal Amounts, if any, advanced by the Chargee. The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the amount of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

4. CHARGE RATE

(a) Fixed Rate Mortgage

If the Charge is a Fixed Rate Mortgage, the rate of interest chargeable upon the Principal Amount, any Additional Principal Amounts and all other amounts payable under the Charge shall be: (i) if the Charge is an ERS Charge, the percentage per annum indicated in the Computer Field entitled "Rate"; or (ii) if the Charge is a Form 2 Charge, the percentage per annum indicated in Box 9 (b), (such rate of interest being hereinafter referred to as the "Charge Rate") calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(b) Variable Rate Mortgage and RateCapper Mortgage

If the Charge is a Variable Rate Mortgage or a RateCapper Mortgage, the rate of interest chargeable upon the Principal Amount, any Additional Principal Amounts and all other amounts payable under the Charge shall be the rate specified in the Charge as follows:

(i) if the Charge is an ERS Charge, the Residential Loan Base Rate per annum, as the same will vary from time to time, as indicated in the Computer Field entitled "Rate" plus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the Residential Loan Base Rate per annum, as the same will vary from time to time, as indicated in Box 9(b) plus the number of percentage points, per annum, if any, indicated in Box 9(b);

such rate of interest being hereinafter referred to as the "Charge Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Mortgage or a RateCapper Mortgage, the Charge Rate will vary automatically, without notice to the Chargor, each time there is a change in the Residential Loan Base Rate. The Charge Rate will always be the Residential Loan Base Rate plus the number of percentage points per annum, if any, indicated either in the Computer Field entitled Rate of an ERS Charge or in Box 9(b) of a Form 2 Charge, as applicable, payable monthly and calculated monthly not in advance. If the Charge is a RateCapper Mortgage, the Charge Rate shall not exceed the Maximum Charge Rate payable monthly and calculated monthly, not in advance.

In the event that it may be necessary at any time for the Chargee to prove the Residential Loan Base Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Residential Loan Base Rate as at any time or times shall be deemed to be conclusive evidence as to the Residential Loan Base Rate as set forth in the certificate.

5. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

(b) Fixed Rate Mortgage - Interest Only

If the Charge is a Fixed Rate Mortgage, repayable in instalments of interest only until the end of the term, the Charge shall be void upon the Chargor paying to the Chargee, the Principal Amount with interest thereon at the Charge Rate, calculated half-yearly, not in advance as well after as before maturity and both before and after default and judgment until paid as follows:

Interest at the Charge Rate on the amounts from time to time advanced shall be computed from the date of such advances until the Interest Adjustment Date and shall become due and shall be paid on the Interest Adjustment Date. The Chargee may require that interest at the Charge Rate on the principal advances from time to time, computed from the respective dates of such advances, shall become due and payable in monthly instalments on the same day of the month next following the first advance, and on the same day of each and every month thereafter and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee, interest so due and payable may be deducted from any such advances. Thereafter, interest on the Principal Amount at the Charge Rate, computed from the Interest Adjustment Date, shall become due and be paid on the First Payment Date and shall be paid on the same day in each and every month thereafter, in each and every year thereafter, from and including the First Payment Date, until the Principal Amount is fully paid, and also paying to the Chargee any Additional Principal Amounts with interest thereon at the Charge Rate, at the times and in the manner agreed to by the Chargor and the Chargee, and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge. The whole of the Principal Amount shall become due and payable on the Balance Due Date.

(c) Fixed Rate Mortgage - Blended Payments

If the Charge is a Fixed Rate Mortgage, repayable in blended instalments of principal and interest, the Charge shall be void upon the Chargor paying to the Chargee, the Principal Amount with interest thereon at the Charge Rate, calculated half-yearly, not in advance as well after as before maturity and both before and after default and judgment until paid as follows:

Interest at the Charge Rate on the amounts from time to time advanced shall be computed from the date of such advances until the Interest Adjustment Date and shall become due and shall be paid on the Interest Adjustment Date. The Chargee may require that interest at the Charge Rate on the principal advances from time to time, computed from the respective dates of such advances, shall become due and payable in monthly instalments on the same day of the month next following the first advance, and on the same day of each and every month thereafter and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee, interest so due and payable may be deducted from any such advances. Thereafter, the Principal Amount, together with interest thereon at the Charge Rate, computed from the Interest Adjustment Date, shall become due and be paid by monthly instalments, each instalment being in the Payment Amount (which Payment Amount includes principal and interest), and shall be paid on the First Payment Date and shall be paid on the same day in each and every month thereafter, in each and every year thereafter, from and including the First Payment Date, to and including the Last Payment Date, and the balance, if any, of the Principal Amount and interest thereon shall become due and payable on the Balance Due Date and also paying to the Chargee any Additional Principal Amounts with interest thereon at the Charge Rate, at the times and in the manner agreed to by the Chargor and the Chargee, and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

(d) Variable Rate Mortgage and RateCapper Mortgage

If the Charge is a Variable Rate Mortgage or a RateCapper Mortgage, the Charge shall be void upon the Chargor paying to the Chargee, the Principal Amount, with interest on the Principal Amount computed from the date of advance of the Principal Amount at the Charge Rate payable monthly and calculated monthly, not in advance, as well after as before maturity and both before and after default and judgment until paid as follows:

Interest at the Charge Rate on the amounts from time to time advanced shall be computed from the respective dates of such advances until the Interest Adjustment Date and shall become due and be paid on the Interest Adjustment Date. The Chargee may require the payment of interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, which interest shall become due and payable in monthly instalments on the same day of the month next following the first advance, and on the same day of each and every month thereafter and the balance, if any, of the aforesaid interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee, interest so due and payable may be deducted from any such advances. Thereafter, the Principal Amount, together with interest thereon at the Charge Rate, computed from the Interest Adjustment Date shall become due and be paid by consecutive monthly instalments, each instalment being in the Payment Amount and shall be paid on the same day of each and every month thereafter in each and every year thereafter from and including the First Payment Date to and including the Last Payment Date, and the balance, if any, of the Principal Amount and interest thereon shall become due and payable on the Balance Due Date and also paying to the Chargee, any Additional Principal Amounts with interest thereon at the Charge Rate, at the times and in the manner agreed to by the Chargor and the Chargee, and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 16 of these standard charge terms. The Chargor may determine the equivalent rate by locating the Charge Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

6. APPLICATION OF PAYMENTS, WITHHOLDINGS FROM PAYMENTS AND TAX ON LOAN

(a) Fixed Rate Mortgage - Blended Payments

If the Charge is a Fixed Rate Mortgage repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to life insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest calculated as provided in the Charge on the Outstanding Principal Amount, and the balance of the instalments shall be applied on account of the Outstanding Principal Amount; except however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between the portion of the Principal Amount then outstanding, including Additional Principal Amounts, if any, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

(b) Variable Rate Mortgage and RateCapper Mortgage

If the Charge is a Variable Rate Mortgage or a RateCapper Mortgage, the Chargor and Chargee acknowledge that although the Payment Amount, being the amount of each consecutive monthly instalment to be paid by the Chargor under the Charge, is fixed under the terms of the Charge, the respective portions of interest and principal which comprise each instalment may vary as the Residential Loan Base Rate varies and, therefore, the Charge Rate payable under the Charge, varies.

So long as the Chargor is not in default under the Charge the Chargee shall apply each monthly instalment, and any other payment that may be made from time to time by the Chargor

firstly to life insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest at the Charge Rate calculated as provided in the Charge on the Outstanding Principal Amount, fourthly to Deferred Interest and interest thereon calculated in accordance with the Charge and fifthly to the reduction of the portion of the Principal Amount then outstanding and any Additional Principal Amounts then outstanding, including additional Principal Amounts, if any, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

If the Residential Loan Base Rate declines, a larger portion of any instalment will be applied against the portion of the Principal Amount then outstanding, thus accelerating the reduction of the Principal Amount outstanding under the Charge. Conversely, if the Residential Loan Base Rate increases, a larger portion of any instalment will be applied against accrued interest, thus delaying the reduction of the Principal Amount outstanding under the Charge. In the event that any instalment is not sufficient to pay all accrued interest on the date of such payment the Deferred Interest will form a Charge on the Charged Premises and shall bear interest at the Charge Rate calculated monthly and payable monthly, not in advance. On the next payment date if all accrued interest is not paid the amount of interest that remains unpaid will bear interest at the Charge Rate and the unpaid accrued interest will be added to the Deferred Interest and so on.

(c) Withholdings from Payments

If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within thirty days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

(d) Tax on Loan

The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

7. COMPOUND INTEREST

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next interest payment date after the date of default a rest shall be made, and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

8. ADDITIONAL ADVANCES

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all Outstanding Principal Amounts, interest and other amounts from time to time owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only the aggregate of that portion of the Principal Amount then outstanding plus any Additional Principal Amounts then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the portion of the Principal Amount then outstanding plus any Additional Principal Amounts then outstanding at the Charge Rate. If the Charge is a RateCapper Mortgage, advances of Additional Principal Amounts are not permitted.

9. PREPAYMENT OPTIONS FOR FIXED RATE MORTGAGE - BLENDED PAYMENTS

If the Charge is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, the Chargor when not in default under the Charge, may:

(a) at any time during the term prepay the whole or any part of the Principal Amount or the balance thereof remaining unpaid upon payment of the greater of three (3) months bonus interest at the Charge Rate, or interest for the remainder of the term at a rate of interest equal to the extent to which the Charge Rate exceeds the rate the Chargee is offering at that time for charges having terms similar to the time remaining in the term of the Charge. In either case, the bonus interest is calculated on the portion of the Principal Amount prepaid.

If the term of the Charge is greater than five (5) years, or three (3) years in the case of a charge made or guaranteed under the NHA, the Chargor may prepay the whole of the Principal Amount then outstanding and any other amounts, including interest, due under the Charge, at any time after the end of the fifth year of the term, or third year in the case of an NHA charge, upon payment of three (3) months bonus interest at the Charge Rate;

(b) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date without notice or bonus any additional amount of the principal amounts advanced under the Charge not exceeding ten percent (10%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative and this privilege does not apply if the Chargor is prepaying an amount that is greater than 10% of the Principal Amount;

(c) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular instalments by any additional amount not exceeding ten percent (10%) of the instalment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice, but this privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

Where any additional payment is made under paragraph 9(a) or 9(b), the instalment payment dates of all remaining regular instalments, if any, of the Outstanding Principal Amount, if any, and interest thereon shall be accelerated so that the Chargor shall pay the regular instalment amount in each and every month, commencing with the instalment payment date immediately following the instalment date on which the additional principal amounts are repaid and continuing until all amounts secured by the Charge have been paid in full.

10. PREPAYMENT OPTION FOR FIXED RATE MORTGAGE - INTEREST ONLY

If the Charge is a Fixed Rate Mortgage repayable in instalments of interest only, the Chargor, when not in default under the Charge may:

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(a) at any time during the term prepay the whole or any part of the Principal Amount or the balance thereof remaining unpaid upon payment of the greater of three (3) months bonus interest at the Charge Rate, or interest for the remainder of the term at a rate of interest equal to the extent to which the Charge Rate exceeds the rate the Chargee is offering at that time for charges having terms similar to the time remaining in the term of the Charge. In either case, the bonus interest is calculated on the portion of the Principal Amount prepaid.

If the term of the Charge is greater than five (5) years, the Chargor may prepay the whole of the Principal Amount or the balance thereof remaining unpaid and any other amounts, including interest, due under this Charge, at any time after the end of the fifth year of the term upon payment of three (3) months bonus interest at the Charge Rate;

(b) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date without notice or bonus any additional amount of the principal amounts advanced under the Charge not exceeding ten percent (10%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative and this privilege does not apply if the Chargor is prepaying an amount that is greater than 10% of the Principal Amount.

Where any additional payment is made under paragraph 10(a) or 10(b), the instalment payment dates of all remaining regular instalments, if any, of interest on the Outstanding Principal Amount shall be accelerated so that the Chargor shall pay the regular instalment amount in each and every month, commencing with the instalment payment date immediately following the instalment payment date on which the principal amounts are repaid and continuing until all amounts secured by the Charge shall have been paid in full.

11. PREPAYMENT OPTION FOR FIXED RATE MORTGAGES - OPEN

If the Charge is an "Open Mortgage", the Chargor, when not in default under the Charge, shall at any time have the privilege of prepaying, without notice or bonus, the whole or any part of the Principal Amount and any Additional Principal Amounts then outstanding secured by the Charge. Where any such additional payment is made, the payment dates of all remaining instalments and of the balance, if any, of the Outstanding Principal Amount and interest thereon shall be accelerated so that the Chargor shall pay the regular instalment provided for in each and every month commencing with the instalment date immediately following the instalment date on which the additional principal amounts are repaid and continuing until all amounts secured by the Charge have been paid in full.

12. PREPAYMENT OPTION FOR VARIABLE RATE MORTGAGES

If the Charge is a Variable Rate Mortgage, the Chargor, when not in default under the Charge, may prepay the whole or any part of the Principal Amount, or the balance thereof remaining unpaid at any time without notice or bonus provided that the amount of any such prepayment shall not be less than Five Hundred Dollars ($500.00).

The Chargee shall apply the amount of each such prepayment firstly to interest at the Charge Rate, calculated as set forth in the Charge, on the Outstanding Principal Amount and secondly to the reduction of the portion of the Principal Amount then outstanding.

Where any payment is made under this prepayment option, the instalment payment dates of all remaining monthly instalments, if any, of the Outstanding Principal Amount and interest thereon shall thereupon be accelerated so that the Chargor shall pay the regular instalment provided for in each and every month, commencing with the instalment date immediately following the instalment date on which the additional principal amounts are repaid and continuing until all amounts secured by the Charge have been paid in full.

13. PREPAYMENT OPTION FOR RATECAPPER MORTGAGES

If the Charge is a RateCapper Mortgage, the Chargor when not in default under the Charge, may:

(a) at any time during the term prepay the whole or any part of the Principal Amount or the balance thereof remaining unpaid upon payment of three (3) months bonus interest at the Maximum Charge Rate calculated on the principal amount prepaid. Any partial payment shall not reduce the amount of each subsequent instalment due under the Charge.

(b) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date, without notice or bonus, any additional amount of the principal money advanced under the Charge not exceeding ten percent (10%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative and this privilege does not apply if the Chargor is prepaying an amount that is greater than 10% of the Principal Amount;

(c) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular instalments by any additional amount not exceeding ten percent (10%) of the instalment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice, but this privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

Where any additional payment is made under paragraph 13(a) or 13(b), the instalment payment dates of all remaining instalments, if any, of the Outstanding Principal Amount and interest thereon shall be accelerated so that the Chargor shall pay the regular instalment amount in each and every month, commencing with the instalment payment date immediately following the instalment payment date which the additional principal amounts are repaid and continuing until all amounts secured by the Charge have been paid in full.

The Chargee shall apply the amount of each such prepayment firstly to interest at the Charge Rate, calculated as set forth in the Charge, on the Outstanding Principal Amount and secondly to the reduction of the portion of the Principal Amount then outstanding.

14. DOUBLE-UP PAYMENT OPTION

If the Charge is a Fixed Rate Mortgage which is repayable in blended instalments of principal and interest, or a Variable Rate Mortgage, or a RateCapper Mortgage, the Chargor, when not in default under the Charge, may, on any instalment payment date, prepay an amount not exceeding the amount of the regular instalment of principal and interest payable on such date under the Charge without notice or bonus, but any such payment must not be less than $100.00. The Chargor cannot exercise unused Double-Up payment privileges on subsequent instalment payment dates.

15. SKIP-A-PAYMENT OPTION

(a) General Provisions

If the Charge is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, or a Variable Rate Mortgage, or a RateCapper Mortgage, and has a term of less than ten (10) years, the Chargor, when not in default under the Charge, may,

(i) skip a monthly instalment or instalments under the Charge without being in default under the Charge thereby, if and to the extent that the Chargor has exercised the option to increase the monthly instalment under the Double-Up Payment Option during the term of this Charge. The aggregate value of all skipped instalments must

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not exceed the aggregate value of all prepayments made under the Double-Up Payment Option; and

(ii) once in each twelve (12) month period commencing with the Interest Adjustment Date or the anniversary thereof, skip any instalment under the Charge provided that the amount of the interest portion of the skipped instalment together with the portion of the Principal Amount then outstanding under the Charge does not exceed the Principal Amount. The Chargor may repay the amount of any skipped instalment at any time during the term of the Charge without bonus. The option described in this paragraph 15(a)(ii) applies only to charges with terms of 7 years or less; and

(iii) If the Chargor skips any instalments as permitted in paragraphs 15(a)(i) or 15(a)(ii), the Chargor must nonetheless make any payment to the Chargee that is required with respect to taxes and life insurance premiums. The amount of the interest portion of all skipped instalments will be added to the portion of the Principal Amount then outstanding, will form a charge on the Charged Premises and will bear interest at the Charge Rate.

(b) Specific Provisions for NHA Mortgages

If the Charge is governed by the provisions of the NHA and is a Fixed Rate Mortgage or a RateCapper Mortgage, the following additional provisions shall apply in respect of the skip-a-payment option.

(i) if the Loan to Value Ratio was equal to or less than 90%, the Chargor may not skip a payment if the result would be that the aggregate of the portion of the Principal Amount then outstanding, plus the interest portion of the skipped payment would exceed the Principal Amount;

(ii) if the Charge is insured under the "95%-Insurance Program" of the Canada Mortgage and Housing Corporation or any related or successor program and the Loan to Value Ratio was greater than 90%, the Chargor may not skip a payment if the result would be that the aggregate of the portion of the Principal Amount then outstanding, plus the interest portion of the skipped payment would exceed 90% of the Loan to Value Ratio;

(iii) a payment may not be skipped if as a result of the skipped payment the original amortization period of the Charge would be exceeded; and

(iv) the Chargor may not skip a payment if on the date of the proposed skipped payment the equivalent of four monthly payments have been skipped and have not been repaid.

16. EQUIVALENT INTEREST RATES

This section sets out a table of equivalent interest rates. The equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Variable Rate Mortgage or RateCapper Mortgage which calculation is set out in paragraph 4(b) of these standard charge terms. The following table sets out interest rates calculated half yearly, not in advance which are equivalent to interest rates calculated monthly not in advance. The Chargor may determine the equivalent rate by locating the rate of interest payable under the Chargor's Variable Rate Mortgage or RateCapper Mortgage in the column headed "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATES TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.375	18.016
8.125	8.264	17.500	18.151

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
8.250	8.393	17.625	18.285
8.375	8.522	17.750	18.419
8.500	8.652	17.875	18.554
8.625	8.781	18.000	18.689
8.750	8.911	18.125	18.823
8.875	9.041	18.250	18.958
9.000	9.170	18.375	19.093
9.125	9.300	18.500	19.228
9.250	9.430	18.625	19.363
9.375	9.560	18.750	19.498
9.500	9.690	18.825	19.633
9.625	9.820	19.000	19.768
9.750	9.950	19.125	19.903
9.875	10.080	19.250	20.039
10.000	10.211	19.375	20.174
10.125	10.341	19.500	20.310
10.250	10.471	19.625	20.445
10.375	10.602	19.750	20.581
		19.875	20.716

17. TAXES

It is agreed between the Chargor and the Chargee that:

(a) The Chargee may deduct from the final advance of the principal amounts secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date and are unpaid at the date of such final advance.

(b) After the Interest Adjustment Date, the Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment of taxes.

(c) Where the period between Interest Adjustment Date and the next following annual due date or first instalment date for taxes is less than one year the Chargor shall pay to the Chargee in equal monthly instalments, during such period and during the next succeeding 12 month period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 month period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(d) Except as provided in Section 17(c), the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the said actual taxes exceed such estimated amount.

(e) The Chargee shall allow the Chargor interest on the average monthly balances standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion; and the Chargor shall be charged interest at the Charge Rate, on the debit balance, if any, of taxes in the Charge account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

The Chargee agrees to apply such deduction and payments on the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the provisions set out in this section 17, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

18. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(l) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

19. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby, covenant, promise and agree to and with the Chargee, as follows:

(a) To Pay and Observe Covenants

That the Chargor, shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount, Additional Principal Amounts and any other amounts secured by the Charge with interest at the Charge Rate at the times and in the manner limited for payment thereof, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay.

(b) For Good Title

If the Charge is a charge of a fee simple estate, that the Chargor, at the time of execution and delivery of the Charge, in the case of a Form 2 Charge, or at the time of delivery for registration, in the case of an ERS Charge, is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge.

(d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the

provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor, shall and will, from time to time, and at all times thereafter, make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the lands and premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever.

(g) Insurance

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Chargee shall pay

any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Charge, if the Charge is a Form 2 Charge, or a printed copy of the Charge if the Charge is an ERS Charge, shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out in paragraph 19 (vii) (a) above will not apply and the following will apply to the Charge:

And that the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

20. LEASEHOLD PROVISIONS

If the interest of the Chargor in the Charged Premises derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence of the Charged Premises (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(a) all references herein to "Charged Premises" shall include all right, title and interest of the Chargor from time to time in and to the Lease and the lands and premises demised

under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of the Charge;

(b) The Chargor grants, mortgages, demises, sub-leases and charges to the Chargee all estate, term, right, title and interest of the Chargor in and to the Lease and the Charged Premises, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Chargor in or to the lands and premises demised by the Lease during the term of the Charge, together with the Lease and all right, title and interest of the Chargor in the Lease and all benefit and advantage therefrom for the Chargee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Chargee of the Principal Amount, plus the Additional Principal Amounts, if any, and interest on such amounts and all other amounts secured by the Charge and for the performance of all liabilities and obligations secured by the Charge upon the terms set out in the Charge;

(c) the Chargor represents and warrants to the Chargee as follows:

(i) the Chargor has good leasehold title to the Charged Premises free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Chargee;

(ii) the Lease is, at the time of execution and delivery of the Charge in the case of a Form 2 Charge, and at the time of delivery for registration in the case of a ERS Charge, a good, valid and subsisting lease and has not been surrendered or forfeited or become void or voidable and the Chargor has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

(iii) there have been no modifications to the Lease that have not been provided to the Chargee;

(iv) the rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Chargor up to the date of the Charge;

(v) the Chargor has a good right, full power and lawful and absolute authority to demise and sublet the Lease to the Chargee in the manner aforesaid;

(d) the Chargor covenants and agrees with the Chargee as follows:

(i) the Chargor shall stand possessed of the Reversion in trust for the Chargee to assign and dispose of the Reversion in such manner as the Chargee shall by notice in writing direct (subject to the right of redemption in the Charge) and the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to assign the term of the Lease as the Chargee shall at any time direct.

(ii) the Chargor, at the request of the Chargee but at the cost, charge and expense of the Chargor, will grant and assign to the Chargee, or to whomever the Chargee may appoint, the Reversion or any renewal or substituted term of the Lease;

(iii) the Chargee shall pay the rent reserved by and other amounts due under the Lease and shall observe and perform each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Chargor shall indemnify the Chargee against all actions, claims and demands whatsoever in respect of the rent and covenants or anything relating thereto;

(iv) the Chargor shall not, during the continuance of the Charge, transfer, assign, sub-lease, surrender or terminate the Lease or any of its rights or interest in the Lease;

(v) the Chargor shall not, during the continuance of the Charge, enter into any agreement purporting to modify, alter or amend the Lease, without the prior written consent of the Chargee;

(vi) the Chargor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and subject to any contrary directions from the Chargee, shall exercise any such options or rights so as to maintain or continue the term of the Lease for the whole of the period during which any debts or liabilities secured by the Charge remain outstanding;

(vii) any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Chargee to demand repayment of all amounts then secured by the Charge;

(viii) if the Chargor becomes the owner of the freehold of the lands and premises demised by the Lease the Charge shall increase to be a charge of the freehold interest in the lands and premises demised by the Lease to the same extent and effect as if the Chargor had been the owner of the freehold, free from encumbrances, at the date the Charge took effect. To give effect to the foregoing the Chargor does hereby grant and mortgage the freehold interest in the Charged Premises unto the Chargee, such grant to take effect upon the Chargor acquiring freehold title to the said Charged Premises. The Chargor covenants and agrees to execute and deliver, in the case of a Form 2 Charge or, in the case of an ERS Charge, authorize the delivery for registration, at the Chargor's expense, forthwith on demand therefor, such further and other documents as the Chargee may reasonably require for the purpose of validly giving effect to the foregoing;

(ix) the Chargor shall immediately notify the Chargee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor;

(e) any reference in the Charge to any charges payable in respect of the Charged Premises shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Chargor under the Lease and if any amounts are paid by the Chargee in respect of amounts owing under the Lease such amounts shall be a charge against the Charged Premises, shall bear interest at the Charge Rate and shall be secured by the Charge;

(f) in the event of any default in any payment of rent or other monies due under the Lease or in performance or observance of any covenant, agreement, condition or proviso contained in the Lease the Chargee shall, at its option but without incurring any liability to do so, be at liberty to pay such rent or to observe or perform such covenant, agreement, condition or proviso, as the case may be, and all money expended by the Chargee in so doing shall be payable forthwith by the Chargor to the Chargee, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge;

(g) the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to enforce any covenants of the tenant under the Lease and to exercise any options to renew the Lease in the Chargee's discretion;

21. RELEASE

The Chargor by these presents does release, remise, and forever quits claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto and out of the Charged Premises and every part thereof, so that the Chargor shall not or may not at any time hereafter

have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

22. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding and interest or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O., 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for any loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee contained in the Charge or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales,

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or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, conveyances or leases, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge that, notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

23. DISTRESS

It is further agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

24. PRINCIPAL DUE ON DEFAULT

It is hereby further expressly declared and agreed, that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time mentioned for payment of such principal amount had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

25. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

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26. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount secured by the Charge; and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee in its sole discretion may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the execution or registration of the Charge, in the case of a Form 2 Charge or delivery for registration in the case of an ERS Charge, or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount or any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall, in the case of a Form 2 Charge, take effect forthwith upon the execution of the Charge by the Chargor or, in the case of an ERS Charge, upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the Principal Amount not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the said Chargee's power of sale given by the Charge, and all other remedies under the Charge or at law shall be exercisable.

If this Charge is made pursuant to the NHA, the Chargor covenants and agrees with the Chargee to construct a building or buildings and other improvements on the Charged Premises in accordance with the plans and specifications that have been or are hereafter approved by Canada Mortgage and Housing Corporation and by the Chargee and to carry on diligently to complete the construction of the said building, buildings and other improvements.

27. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements fixed or otherwise now on or after the date of the Charge put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

28. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the amounts secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said amounts or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any amounts except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the amounts secured by the Charge.

29. DEFAULT IN PRIOR CHARGES

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or encumbrance to which the Charge is

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subject or subordinate, then and in that event the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

30. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against title to the Charged Premises the Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove such lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commission, as between a solicitor and its client, shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

31. WASTE, VACANCY, REPAIR AND BUILDING COMPLETION

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises Prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

32. INSPECTION

The Chargee through itself or its agent or employees may, at any time, enter upon the Charged Premises to inspect the Charged Premises and the reasonable cost of such inspection shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

33. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

34. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant nor affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

35. RIGHTS ON DEFAULT

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other amounts payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement in the Charge after all or any part of the amounts secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable to the Chargee, and shall be a charge upon the Charged Premises and shall bear interest at the Charge Rate until paid.

36. OBLIGATIONS SURVIVE SALE

Provided that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

37. DUE ON SALE

Provided that in the event of

(a) the Chargor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Charged Premises to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) if such a purchaser, grantee or transferee should fail to (a) apply for and receive the Chargee's written approval as aforesaid, (b) personally assume all the obligations of the Chargor under the Charge, and (c) execute an assumption agreement in the form required by the Chargee,

then, at the option of the Chargee, all amounts secured by the Charge with accrued interest thereon shall forthwith become due and payable.

38. PORTABILITY OPTION

If the Charge is a Fixed Rate Mortgage or a RateCapper Mortgage, the following provisions apply:

If the Chargor is not in default under the Charge, and has entered into an agreement to sell or transfer the title to the Charged Premises, the Chargor may either exercise the portability option described in this section 38, or alternatively, the purchaser or transferee of the Charged Premises may exercise the assumption option described in section 37 above, but both options may not be exercised contemporaneously.

(a) If, within 90 days following completion of the sale or transfer of the title to the Charged Premises, the Chargor completes the purchase of a residential property ("New Property"), the Chargee will, on written application by the Chargor, but subject to paragraph (vi) below, provide financing for the purchase of the New Property on the security of a charge to be registered against title to the New Property ("New Charge"), in the following manner:

(i) if the amount to be advanced under the New Charge ("New Charge Amount") is the same as the portion of the Principal Amount then

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outstanding under the Charge, the interest rate applicable to the New Charge Amount for the period of time remaining in the term of the Charge will be the Charge Rate;

(ii) if the New Charge Amount is less than the portion of the Principal Amount then outstanding under the Charge, the Charge Rate will apply to the New Charge Amount for the period of time remaining in the term of the Charge, and the Chargor must pay to the Chargee upon the date of the completion of the sale or transfer of the Charged Premises, the amount by which the portion of the Principal Amount then outstanding under the Charge exceeds the New Charge Amount and any such prepayment will be subject to the prepayment provisions applicable under the Charge;

(iii) if the New Charge Amount exceeds the portion of the Principal Amount then outstanding under the Charge, the New Charge will secure the aggregate of the portion of the Principal Amount then outstanding under the Charge and the additional principal amount advanced under the New Charge at a rate of interest that blends the Charge Rate and the rate the Chargee offers at that time for mortgages with terms similar to the time remaining in the term of the Charge. The term of the New Charge will be for a period equivalent to the time remaining in the term of the Charge. If the Charge is a RateCapper Mortgage, the additional principal amount must be secured by a new second-ranking mortgage registered on title to the New Property for a term equivalent to the time remaining in the term of the Charge;

(iv) on the date of completion of the sale or transfer of the Charged Premises, any prepayment of the Charge from the proceeds of sale will be subject to the prepayment provisions applicable under the Charge. However, provided the New Charge is advanced within a 90 day period following prepayment of the Charge, the Chargee will, subject to paragraph (ii) above, refund to the Chargor the amount, if any, of bonus interest paid in respect of such prepayment;

(v) the term of the New Charge will commence on the date that it is advanced and will terminate on the same date as the Charge would have otherwise terminated; and

(vi) the Chargee's mortgage approval criteria, policies, procedures and documentation in effect at the time the Chargor makes his/hers/its application for the New Charge will apply to the application and the New Charge and the Chargor will be responsible for paying all applicable processing or administration fees, all legal and property valuation fees and all other expenses incurred by the Chargee in connection with the New Charge.

39. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now or after the date of the Charge existing, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, any construction lien or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and its client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with the Charge or to realize the security of the Charge, or to defend the validity or priority of the Charge as against a third party, or in respect of the collection of any overdue interest, principal, insurance

premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other amounts paid the Charge by the Chargee shall be added to the amount secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in paragraph 22 and shall entitle the Chargee to exercise the power of sale and all other remedies given under the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the amounts advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or government so paid off, and is authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

40. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Homes Warranties Plan Act*, R.S.O. 1990, c.0.31, as amended (the "ONHWPA"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Charged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the amounts secured by the Charge and be a charge on the Charged Premises in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor to the Chargee.

41. PROHIBITION AGAINST RENTAL

If the Charged Premises are or are intended to be used as residential premises then the following provisions shall apply:

(a) The Chargor represents, warrants, covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant and further covenants and agrees not to permit the Renting of the Charged Premises without first obtaining the consent in writing of the Chargee which consent may be refused at the sole discretion of the Chargee; further the Chargor covenants and agrees not to enter into any negotiations with respect to Renting without the consent in writing of the Chargee, which consent may be refused, restricted or made conditional at the sole discretion of the Chargee; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Chargor covenants and agrees to abide by such restrictions or conditions;

(b) The Renting of the whole or any part of the Charged Premises without the written consent of the Chargee shall be deemed to have been done with the object of discouraging the Chargee from taking possession of the Charged Premises on default or adversely affecting the value of the Chargee's interest in the Charged Premises within the meaning of Section 52(1) of the Mortgages Act;

(c) In the event that any of the covenants contained in this section shall be breached then, at the option of the Chargee, all monies secured by the Charge with accrued interest thereon shall forthwith become due and payable;

(d) If the whole or any part of the Charged Premises are rented to a Tenant with or without the consent of the Chargee, at such time as the Chargee is entitled to enforce its rights under the Charge by reason of default of the Chargor, the Chargee may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the cooperation of such Tenant in selling the Charged Premises, showing the Charged Premises and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on the Charge and the

amount so paid shall be added to the amount secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall have priority over all encumbrances subsequent to the Charge and shall be payable forthwith by the Chargor to the Chargee; the Chargor appoints the Chargee to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Chargor with respect to all or any part of the Charged Premises and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Chargor which it, as Chargee, may consider desirable;

(e) In this section, "Tenant" shall have the meaning set out in Section 1 of the Tenant Protection Act, S.O., 1997, ch.24, as may be amended from time to time..

42. COVENANTOR OR GUARANTOR

If a party is named as a covenantor or guarantor in a Form 2 Charge or a schedule thereto (the "Covenantor"), the Chargor and the Covenantor acknowledge that it is a condition of the making of advances under the Charge that the covenant contained in this Section 41 be entered into by the Covenantor. The Covenantor further acknowledges that the consideration for the guarantee contained in this Section 41 is the making of advances under the Charge.

The Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the Principal Amount does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee that the Covenantor will well and truly pay, or cause to be paid unto the Chargee the Principal Amount and all other amounts secured by the Charge, together with interest upon the same, at the days and times, and in the manner agreed to in the Charge or any amendments, renewals, variations or extensions thereof and shall and will in everything, well and truly do, observe, fulfil and keep any and all covenants, provisos, conditions, agreements and stipulations in the Charge according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor, and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon, and if there are more than one Covenantor shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

43. EXTENSIONS

No extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

44. BONUS ON DEFAULT

On default of payment of any of the amounts secured by the Charge or payable under the Charge, the Chargee shall be entitled to require payment, in addition to all other amounts secured by the Charge or payable under the Charge, of a bonus equal to three months' interest in advance at the Charge Rate upon the principal amount secured by the Charge at such time, and the Chargor shall not be entitled to require a discharge of the Charge without such payment or notice in lieu thereof as required by law.

45. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge within which to prepare, execute and deliver in the case of a Form 2 Charge or prepare and deliver for registration in the case of an ERS Charge, as the case may be, a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the

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Chargee and all legal and other expenses for the preparation, execution and registration, as applicable of such discharge and assignment shall be borne by the Chargor.

46. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon the Charge or any other such security.

47. PLACE OF PAYMENT

Provided that all such payments secured by the Charge shall be made at the branch of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

48. SPOUSE'S CONSENT

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

49. FAMILY LAW ACT

The Chargor covenants and agrees that

(a) the Chargor or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "Family Law Act"), and if so, the name of the Chargor's spouse, and of any change in the Chargor's spousal status or in the status of the Charged Premises as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Chargor will furnish the Chargee with such evidence in connection with any of the matters referred to in clause 48(a) as the Chargee may from time to time require, including, without limitation, the Chargor's and the Chargor's spouse's name, address and birth date and the Chargor's and the Chargor's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Chargee from time to time on request all information in the Chargor's possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse,

and on default, then all amounts secured by the Charge, together with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable.

50. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

51. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

52. FARM LANDS

If the Charged Premises are farm lands, the Chargor will in each year during the term either put into crop or summer fallow in good, proper and husbandlike manner every portion of the Charged Premises which has been or may after the date of the Charge be brought under cultivation, and will keep the Charged Premises clean and free from all noxious weeds and generally see that the Charged Premises do not depreciate in any way.

53. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

(a) the Chargor fails to supply to Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or

(b) without the written consent of the Chargee first had and obtained,

(i) the Chargor issues or redeems any of its shares or transfers any of its shares,

(ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or

(iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale given by the Charge and all other remedies for enforcement shall be exercisable.

54. CONDOMINIUMS

If the Charge is of a unit within a plan of condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws and the rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as the owner of the Charged Premises and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by

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the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor by the Charge irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

55. RENEWAL OR EXTENSION

Provided that the Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor. The Chargor and the Covenantor, if applicable, agree that in the event that the renewal agreement provided to the Chargor is not signed and returned to the Chargee on or before the maturity date, the Charge, at the Chargee's option, will be automatically renewed on the terms set out in the renewal agreement.

56. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another instead of such receiver, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revocable by the Chargor) to:

(i) collect the rents and profits from tenancies whether created before or after the Charge;

(ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises.

(f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Charged Premises in priority to the Charge, including taxes;

(iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether

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sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to these terms shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers in the Charge provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred in and by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

57. COMPLIANCE WITH THE LAW

The Chargor covenants and agrees at all times to promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and will at the Chargor's own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

58. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith; and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any amount payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises.

59. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things secured

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to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor contained in the Charge or implied are and are to be construed as both joint and several.

60. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

61. DATE OF CHARGE

The Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the first named Chargor unless, in either case, as otherwise specifically provided.

62. EFFECT OF DELIVERY OF ERS CHARGE

The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any other party to the Charge agrees not to raise in any proceedings by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the ERS Charge for registration to do so.

DATED this 30th day of July, 1999

ROYAL BANK OF CANADA

Per: _____
Christian Findlay, Vice President
I have authority to bind the Bank.

ROYAL TRUST CORPORATION OF CANADA

Per: _____
Douglas Gunton, Senior Vice President
I have authority to bind the Corporation

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Filing Date 12 AUGUST 1999 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FORM 00964 (07/99)

CHARGE TERMS

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS FOR ELECTRONIC DOCUMENTS (COLLATERAL CHARGES)

ROYAL BANK OF CANADA
ROYAL TRUST CORPORATION OF CANADA

Filed by:
ROYAL BANK OF CANADA and
ROYAL TRUST CORPORATION OF CANADA

Filing Date:_____, 1999
Filing Number:

The following set of standard charge terms shall apply to electronic documents submitted for registration under Part III of the *Land Registration Reform Act,* R.S.O 1990, c.L.4, as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

Any charge in an electronic format of which this set of standard charge terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge". Whenever reference is made in this set of standard charge terms to the Charge it shall include this set of standard charge terms and all terms and provisions of this set of standard charge terms.

Any reference to the "Computer Field" in the Charge means a computer data entry field in a charge registered pursuant to Part III of the Land Registration Reform Act into which the terms and conditions of the Charge may be inserted.

1. CHARGE

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee" (the "Chargee") of the principal and interest and all other monies secured by the Charge upon the terms as set out in the Charge.

2. COLLATERAL SECURITY

The Chargor has at the request of the Chargee agreed to give the Charge as a continuing collateral security for payment and satisfaction to the Chargee of all obligations, debts and

creditor of the Chargor or however otherwise incurred or arising anywhere within or outside Canada and whether the Chargor be bound alone or with another or others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (such obligations, debts and liabilities being herein called the "Liabilities"). It is agreed by the Chargor and the Chargee that the Charge at any one time will secure only that portion of the aggregate principal component of the Liabilities outstanding at such time which does not exceed the sum set out in the Computer Field in the Charge entitled "Principal" (herein called the "Principal Amount"), together with any interest or compound interest accrued on the portion of the Principal Amount outstanding at such time at the Charge Rate, as hereinafter defined, plus such costs and expenses to which the Chargee is entitled pursuant to the Charge.

3. COVENANTS REGARDING LIABILITIES

The Chargor and the Chargee agree as follows:

(a) That the Chargor covenants to pay to the Chargee each and every amount, indebtedness, liability and obligation forming part of the Liabilities in the manner agreed to in respect of such amount, indebtedness, liability or obligation.

(b) That no part of the Liabilities existing at the date of the Charge or incurred or arising thereafter, shall be deemed to be unsecured by the Charge.

(c) That the Charge is and shall be a continuing collateral security to the Chargee for the amount of the Liabilities and interest and costs as provided in the Charge and shall be deemed to be taken as security for the ultimate balance of the Liabilities; and the Charge shall not, nor shall anything therein contained operate so as to create any merger or discharge of any debt owing to the Chargee or of any lien, bond, promissory note, bill of exchange or other security held by the Chargee either before or after registration of the Charge from the Chargor or from any other person or persons and the Charge shall not in any way prejudicially affect any security held either before or after the registration of the Charge by the Chargee for the Liabilities or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Chargee for or on account of the Liabilities or any part or parts thereof, nor shall the remedies of the Chargee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of the Charge.

(d) That any and all payments made in respect of the Liabilities and interest and the monies or other proceeds realized from the sale of any securities held therefor, including the Charge, may be applied and reapplied notwithstanding any previous application on such part or parts of such Liabilities or interest as the Chargee may see fit or may be held unappropriated in a separate collateral account for such time as the Chargee may see fit.

(e) That the Chargee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Chargor and all other persons, securities and guarantees as the Chargee may see fit without prejudicing the rights of the Chargee under the Charge.

(f) That the taking of judgement in respect of the Liabilities or any instrument or instruments now or hereafter representing or evidencing the Liabilities or under any of the covenants in the Charge or in any such instrument contained or implied shall not operate as a merger of the Liabilities or such instrument, instruments or covenants, nor affect the Chargee's right to interest at the rate and times provided in the Charge, nor affect nor prejudice any rights or remedies given to the Chargee by the terms of the Charge.

4. INTEREST

(a) VARIABLE INTEREST RATE

If the interest rate indicated in the Computer Field of the Charge entitled "Rate" is based upon the Prime Rate, as hereinafter defined, the rate of interest chargeable on the Principal Amount is a rate equal to the Prime Rate per annum as the same will vary from time to time, plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "Rate" (the "Variable Interest Rate") and shall be payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

The Variable Interest Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Variable Interest Rate will always be the Prime Rate plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge and both before and after default and judgement until paid.

"Prime Rate" means the annual rate of interest announced from time to time by the Chargee being a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the said certificate.

(b) FIXED INTEREST RATE

If the interest rate indicated in the Computer Field of the Charge entitled "Rate" is a specified annual percentage not based on the Prime Rate (the "Fixed Interest Rate"), the rate of interest chargeable on the Principal Amount is that Fixed Interest Rate per annum, payable monthly, and calculated monthly, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(c) For the purposes of the Charge the Fixed Interest Rate or the Variable Interest Rate, as the case may be, are hereinafter referred to as the "Charge Rate". Whenever reference is made to the Charge Rate it shall mean the rate of interest indicated in the Computer Field of the Charge entitled "Rate", and interest shall be calculated and payable as set out in the Charge.

5. DEFEASANCE

The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act, shall be and are hereby expressly excluded from the terms of the Charge.

Provided the Charge shall be void upon the Chargor paying on demand to the Chargee the ultimate balance of the Liabilities, such balance not to exceed the Principal Amount, and all promissory notes, bills of exchange and any other instruments whatsoever from time to time representing the Liabilities or any part thereof, together with interest thereon either: a) where the Charge provides for a Variable Interest Rate, at the Variable Interest Rate per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the Charge Rate; or b) where the Charge provides for a Fixed Interest Rate, at the Fixed Interest Rate per annum, calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the Principal Amount and all other amounts payable by the Chargor under the Charge and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

6. COMPOUND INTEREST

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

7. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from any advance of monies to the Chargor an amount sufficient to pay the taxes which have become or will become due and payable at the date of such advance and are unpaid at the date of such advance.

(b) The Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment of taxes.

(c) Where the period between the date of the advance and the end of the calendar year is less than one year the Chargor shall pay to the Chargee in equal monthly instalments, during such period and during the next succeeding 12 months period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 months period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 months period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(d) Except as provided in the last preceding clause, the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the said actual taxes exceed such estimated amount.

(e) The Chargee shall allow the Chargor interest on the average monthly balances standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion; and the Chargor shall be charged interest at the Charge Rate, on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

The Chargee agrees to apply the foregoing deductions and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the principal and or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the provisions set out in this section, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

8. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(l) of the Land Registration Reform Act, shall be and are hereby expressly excluded from the terms of the Charge.

9. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

(a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount secured by the Charge with interest at the Charge Rate at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

(b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

(d) Quiet Possession on Default

That from and after default in the payment of the Principal Amount, or the interest thereon, or any part thereof, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or the lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default shall happen to be made of or in the payment of the Principal Amount then outstanding, or the interest thereon, or any part of the Principal Amount or interest, as set forth in the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true

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intent and meaning thereof, then and in every such case the Chargor, and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor, shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee, or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever.

(g) Insurance

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, earthquake, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter, and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled, but shall not be obliged, to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at the Chargor's own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on account of the amounts secured by the Charge or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a Condominium the insurance provisions set out in paragraph (a) above will not apply and the following will apply to the Charge:

That the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, R.S.O 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

10. RELEASE

The Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and forever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, in, unto and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

11. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding and interest or any part thereof required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, c. M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not

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addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such price as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it may deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee in the Charge contained or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding secured by the Charge, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

12. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of

interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

13. PRINCIPAL DUE ON DEFAULT OF PERFORMANCE OF COVENANTS

It is agreed by the Chargor and the Chargee that if any default shall occur in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then, at the option of the Chargee, the principal amount secured by the Charge shall forthwith become due and payable subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the Principal Amount or any portion thereof then outstanding and shall not be therefore debarred from asserting and exercising its right to call in the principal amount upon the happening of any future default or breach.

14. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

15. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge; and that all advances are to be made in such manner, at such times and in such amounts up to the full amount of said monies as the Chargee, in its sole discretion, may determine. The Chargor agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the monies, the Chargee is not bound to advance the monies or any unadvanced portion thereof and the advance of the monies and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale hereby given, and all other remedies under the Charge or at law shall be exercisable.

16. FIXTURES

It is hereby mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

17. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

18. DEFAULT IN PRIOR CHARGES

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

19. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, as between a solicitor and his client, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

20. WASTE, VACANCY, REPAIR AND BUILDING COMPLETION

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

21. INSPECTION

The Chargee, its agent, employees, and independent contractors may, at any time, enter upon the Charged Premises to fully inspect the Charged Premises and where deemed necessary and/or advisable by the Chargee, and, notwithstanding paragraph 14 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination and the

reasonable cost of such inspection shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

22. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

23. PROHIBITION AGAINST RENTAL

If the Charged Premises are or are intended to be used as residential premises then the following provisions shall apply:

(a) The Chargor represents, warrants, covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant (as defined herein) and further covenants and agrees not to rent, lease, enter into a tenancy agreement of or allow occupancy by a Tenant of the whole or any part of the Charged Premises (any of the aforesaid being hereinafter referred to as "Renting") without first obtaining the consent in writing of the Chargee which consent may be refused at the sole discretion of the Chargee; further the Chargor covenants and agrees not to enter into any negotiations with respect to Renting without the consent in writing of the Chargee, which consent may be refused, restricted or made conditional at the sole discretion of the Chargee; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Chargor covenants and agrees to abide by such restrictions or conditions;

(b) The Renting of the whole or any part of the Charged Premises without the written consent of the Chargee shall be deemed to have been done with the object of discouraging the Chargee from taking possession of the Charged Premises on default or adversely affecting the value of the Chargee's interest in the Charged Premises within the meaning of Section 52(1) of the Mortgages Act.

(c) In the event that any of the covenants contained in this section shall be breached then, at the option of the Chargee, all monies hereby secured with accrued interest thereon shall forthwith become due and payable;

(d) If the whole or any part of the Charged Premises are rented to a Tenant with or without the consent of the Chargee, at such time as the Chargee is entitled to enforce its rights under the Charge by reason of default of the Chargor, the Chargee may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the cooperation of such Tenant in selling the Charged Premises, showing the Charged Premises and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on this security and the amount so paid shall be added to the debt hereby secured and be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall have priority over all encumbrances subsequent to the Charge and shall be payable forthwith by the Chargor to the Chargee; the Chargor appoints the Chargee to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Chargor with respect to all or any part of the Charged Premises and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Chargor which it, as Chargee, may consider desirable;

(e) When used in this section Tenant shall have the meaning set out in Section 1 of the *Tenant Protection Act, 1997*, S.O. 1997, c.24, as amended.

24. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgement shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgement shall have been fully paid and satisfied.

25. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises, and for environmental remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

26. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

27. DUE ON SALE

Provided that in the event of the Chargor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Charged Premises then, at the option of the Chargee, all monies secured by the Charge shall forthwith become due and payable.

28. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge existing now or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including, without limitation, any taxes, utility charges or other rates on the Charged Premises, any construction lien, or any amounts payable to a Condominium Corporation, and may pay all costs, charges and expenses and all solicitor's charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize upon this security, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in the paragraph dealing with power of

sale and shall entitle the Chargee to exercise the power of sale and all other remedies hereby given. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

29. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c.O.31, as amended (the "ONHWPA"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Charged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a charge on the Charged Premises in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor to the Chargee.

30. EXTENSIONS

Provided that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured.

31. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge or assignment shall be borne by the Chargor.

32. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

33. PLACE OF PAYMENT AND WITHHOLDINGS FROM PAYMENTS

(a) **Place of Payment**. Provided that all such payments secured by the Charge shall be made at the branch of the said Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

(b) **Withholdings from Payments**. If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge,

then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within thirty days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

(c) **Tax on Loan.** The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

34. SPOUSE'S CONSENT

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

35. FAMILY LAW ACT

The Chargor covenants and agrees that:

(a) the Chargor or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "Family Law Act"), and if so, the name of the Chargor's spouse, and of any change in the Chargor's spousal status or in the status of the Charged Premises as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Chargor will furnish the Chargee with such evidence in connection with any of the matters referred to in clause (a) above as the Chargee may from time to time require, including, without limitation, the Chargor's and the Chargor's spouse's name, address and birth date and the Chargor's and the Chargor's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Chargee from time to time on request all information in its possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse,

and on default the Principal Amount, interest and all other monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable.

36. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or any other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

37. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default thereunder; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

38. FARM LANDS

If the Charged Premises are farm lands, the Chargor will in each year during the currency of the Charge either put into crop or summer fallow in good, proper and husbandlike manner every portion of the Charged Premises which has been or may hereafter be brought under cultivation, and will keep the Charged Premises clean and free from all noxious weeds and generally see that the Charged Premises do not depreciate in any way.

39. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

(a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or

(b) without the written consent of the Chargee first had and obtained,

(i) the Chargor issues or redeems any of its shares or transfers any of its shares,

(ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or

(iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement sha be exercisable.

40. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

(a) there is not in, on or about the Charged Premises any product or substance or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

(b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and

(d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

(a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defence and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this clause, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this clause, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

41. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to

the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and

(iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

(d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor in order that the Chargee is kept fully informed.

42. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that at any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in such receiver's stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revocable by the Chargor) to:

(i) collect the rents and profits from tenancies whether created before or after these presents;

(ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use

or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises.

(f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the remuneration of the receiver aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Charged Premises in priority to the Charge, including taxes;

(iv) to the Chargee, all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver

who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred in and by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

43. COMPLIANCE WITH THE LAW

The Chargor covenants and agrees at all times to promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

44. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge, including, without limiting the generality of the foregoing, all solicitors' fees, on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge prior to all claims thereon subsequent to the Charge.

45. INTERPRETATION

And it is hereby agreed and declared that the expression "the Chargor" used in these standard charge terms and the Charge shall include the heirs, executors, personal representatives, administrators, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominium) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation, and the words in the singular include the plural, and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires, and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, personal representatives, executors, administrators, successors, and assigns and that all such covenants, liabilities and obligations shall be joint and several, and that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

46. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

47. DATE OF CHARGE

The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.

48. EFFECT OF DELIVERY

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any other party to the Charge, agrees not to raise in any proceedings by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

DATED this 30th day of July, 1999.

ROYAL BANK OF CANADA

Per: _____

I have authority to bind the Bank.

Name: Scott Brown
Title: Vice President, Personal Credit Service

ROYAL TRUST CORPORATION OF CANADA

Per: _____

Name: [redacted] Louise Smith, Vice President
Title: [redacted]

I have authority to bind the Corporation

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9914 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9915 Cote
Filing Date 20 AUGUST 1999 Date de Dépôt
Page 1 of/de 12 (TWELVE) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CIBC MORTGAGES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: CIBC Mortgages Inc.

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in the schedule.

1. DEFINITIONS

In this set of standard charge terms:
borrower, you and **your** mean each person who signs the mortgage as chargor(s);
box refers to a box on the Charge/Mortgage of Land (Form 2) including anything set out in a schedule to Form 2 which deals with the subject matter of that box;
interest adjustment date means the date specified in box 9(d).
lender, we, our and **us** mean CIBC Mortgages Inc., as chargee;
loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;
mortgage, when used as a noun, means a Charge/Mortgage of Land (Form 2), any schedules attached to it, any renewals or amendments and this set of standard charge terms;
paragraph refers to a numbered paragraph in this set of standard charge terms;
principal amount means the amount set out in box 4;
schedule means any schedule attached to the Charge/Mortgage of Land; and
your property means the land described in box 5, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Land Registration Reform Act, 1984 (as amended or replaced) are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):
(a) if you are the owner of your property, you charge your entire interest in your property to us; or
(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;
to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in box 9(b). Interest is payable at the frequency set out in box 9(e) and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date (9(d)) will be for the six month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date (box 9(i)), default and judgment, until the loan amount has been paid in full.

5. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date (box 9(i)), default and judgment on all overdue amounts (including interest). This additional interest must be paid by you immediately when we require, both before and after the balance due date (box 9(i)), default and judgment.

6. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in box 15 or as you may be notified in writing.

(b) Interest Adjustment Date

(i) Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in box 9(b) in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in box 9(e), each in the amount specified in box 9(h), starting with the first payment date (box 9(f)) until and including the last payment date (box 9(g)). You will pay the outstanding balance of the loan amount on the balance due date (box 9(i)).

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 17.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of Canadian Imperial Bank of Commerce and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph.

7. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest (other than deferred interest) on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose. You may pay arrears of interest by separate payment as your regular payment will not be applied to such interest. The amount of interest in arrears may be obtained by contacting us.

8. YOUR PREPAYMENT RIGHTS (Applicable to All Mortgages)

(a) If the term of the mortgage is greater than five years and you are not a corporation, you may prepay the principal amount of the mortgage at any time after the end of the fifth year of the term, and if so, you agree to pay us the outstanding principal amount and interest to the date of payment and three months' further interest at the rate specified in box 9(b) on the principal amount in lieu of notice.

(c) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

(d) If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights:

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9915 Date

8.1 STANDARD PREPAYMENT PRIVILEGES
IF YOU HAVE A FIXED RATE CLOSED

(A) in each calendar year, you may increase the amount of your regular principal and interest payment without penalty. The total of these increases during the term of your mortgage may not exceed one hundred percent (100%) of the amount of the original regular mortgage payment payable under the mortgage;

(B) in each calendar year, you may prepay up to 15 % of the original principal amount of your mortgage without notice, bonus or penalty. Each prepayment will be made on a regular payment date and shall be not less than $100. If you do not use this privilege in a calendar year, you cannot carry forward this right of prepayment for that calendar year to any following calendar year. This right of prepayment without notice, bonus or penalty does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this right of prepayment in the calendar year during which the mortgage is prepaid in full.

(C) the mortgage may be paid out in full, upon a bona fide arm's length sale of the property with supporting documentation upon payment of 3% of the outstanding principal balance.

9. EARLY RENEWAL

No early renewal option is available with this mortgage.

10. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land title office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge

your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land title office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 10(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 10(b)(xiii) and appoint a new trustee or trustees.

11. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

12. INSURANCE (Paragraph 12 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 15 days before any policy

expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in box 9(b).

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; and/or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

13. PROPERTY TAXES

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax instalment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax instalment shall be:

(i) if the payments of the principal and interest are weekly:
estimated annual taxes divided by 52

(ii) if the payments of the principal and interest are bi-weekly:
estimated annual taxes divided by 26

(iii) if the payments of the principal and interest are semi-monthly:
estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly:
estimated annual taxes x 1/12

(c) If in our opinion, the tax component of your mortgage payment is insufficient to pay the current years property taxes, we have the right to increase the tax component of your mortgage payment to in an amount sufficient to pay the current years property taxes.

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 13(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 13 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 13 to any portion of the loan amount.

(e) Notwithstanding the provisions of this paragraph 13, we may at our option choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes on your property. You will provide us with all the receipted tax bills by the end of each calendar year. If, for any reason, you do not pay the taxes when required then paragraphs 13(a) through(d) will apply.

14. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

15. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in box 9(a), then we do not have to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. Even so, by signing the mortgage you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for preparing and registering the mortgage.

16. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph16, then at our option the loan amount will immediately become due and payable. In this case we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 16 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the Mortgages Act (as amended or replaced).

17. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 10) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

18. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 15, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the Construction Lien Act (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

19. MORTGAGES WITH HOLDBACKS:

The amount of any holdback will be treated as a mortgage security deposit. You will earn interest on this holdback amount at the 30 day deposit rate of CIBC Mortgages Inc.

The holdback must be advanced within 120 days from the initial date of funding. If this is not done the mortgage will be reduced by the amount of the holdback and the monthly payment will be adjusted accordingly. Interest will not be paid to you if the holdback is not advanced. You agree to sign an amending agreement which is to be registered on title.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease, of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged

interest at the rate specified in box 9(b) from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in box 9(b).

If we have not received a solicitor's final opinion within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

(a) **Remedies** - If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** - We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property** - If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale** - If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act (as amended or replaced) enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property** - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults** - We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-interference** - If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses** - All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of Canadian Imperial Bank of Commerce.

(d) **Delay in Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not

obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 24 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 12.)

In this paragraph, the Condominium Act (as amended or replaced) is called the "Act" and the corporation created by the registration of a declaration under the Act is called the "condominium corporation".

(a) **Compliance with the Act, etc.** - You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the Act and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands** - You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** -

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the Act, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** - Under the Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy.

(g) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

25. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with a copy of the registered Deed/Transfer of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, or our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

29. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We

may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

31. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee.

32. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in paragraph 6(e), You shall pay a fee for every dishonoured cheque or PAC debit charge. Unless separate payment for the fee is received with the replacement cheque, the fee will be automatically debited to the mortgage account balance and will thereafter be charged interest at the same rate as the mortgage until paid. At the date of this mortgage the fee is $25.00 but the amount is subject to change without notice by CIBC Mortgages Inc. at any time during the term of the mortgage. The amount of such fees in effect at any particular time is available from any branch, in Canada, of Canadian Imperial Bank of Commerce, or by contacting us.

CIBC Mortgages Inc. also reserves the right to charge reasonable fees for other administrative services such as discharges, assumptions, transfers, payment frequency changes, etc. and the Mortgagor / Chargor agrees to pay such charges.

33. PORTABILITY

This mortgage is not portable.

34. THE FAMILY LAW ACT, 1986

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in box 11 were and are completely truthful and accurate under Part II of the Family Law Act, 1986 (as amended or replaced).

35. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

36. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in box 9(d), regardless of the date of signature that appears in box 11.

37. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Ontario New Home Warranties Plan Act (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

38. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

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39. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

40. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

Dated the 17th day of August, 1999.

Brice V. Hatt
Solicitor for CIBC Mortgages Inc.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9916 Cote
Filing Date 17 SEPT 1999 Date de Dépôt
Page 1 of/de 41 (FORTY-ONE) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Set of Standard Charge Terms
[Filed by HSBC Bank Canada]

Filing Date	Filing Number
September ,1999	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

1. Charge

The chargor or chargors (herein called the **"Chargor"**) named in any charge of which this set of standard charge terms forms a part by reference to its filing number in such charge (herein called the **"Charge"**) charges the lands and premises described in the Charge (herein and in the Charge called the **"Charged Premises"**) as security for the payment and satisfaction to HSBC Bank Canada (herein called the **"Chargee"**) of the principal and interest and all other monies secured by the Charge and as security for the observance and performance of all other obligations of the Chargor arising pursuant to or in respect of the Charge. The terms of a Charge include this set of standard charge terms and whenever reference is made in this set of standard charge terms to the Charge it shall include this set of standard charge terms.

2. Defeasance

(a) The provisions relating to defeasance contained in subsection 6(2) of the *Land Registration Reform Act*, shall be and are hereby expressly excluded from the terms of the Charge.

(b) The following proviso shall apply if and only if a specific proviso for defeasance is not included in a schedule to the Charge: Provided that this Charge shall be void upon the Chargor, his heirs, executors, administrators, successors or assigns or any of them paying or causing to be paid to the Chargee, its heirs, executors, administrators, successors or assigns the principal sum set forth in the Charge and interest thereon as well after as before maturity and default and judgment at the rate set forth in the Charge at the days and times and in the manner set forth in the Charge and all other amounts payable by the Chargor hereunder and paying any taxes, rates, levies, charges or assessments and including, without limitation, utility charges, upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions herein contained.

3. Application of Payments

If the Charge is repayable by blended instalments of principal and interest the instalments payable under the Charge are to be applied firstly to interest calculated as provided in the Charge on the principal monies from time to time outstanding and the balance of the said instalments shall be applied on account of principal; except however in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Chargor.

4. Compound Interest

It is agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid on the next interest payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises secured by the Charge.

5. Taxes

With respect to municipal taxes, realty taxes, property taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from the final advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the date for adjustment of interest referred to in the Charge and are unpaid at the date of such final advance.

(b) Subject as provided in subparagraph (c) below, the Chargor shall pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

(c) At the request of the Chargee, the Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder,

sums sufficient to enable the Chargee to pay in each year during the term of the Charge, the whole amount of taxes as estimated by the Chargee from time to time on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amounts, and the Chargor shall be charged interest, at the Charge rate, on the debit balance, if any, of taxes in the tax account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

(d) The Chargee will apply such deduction and payments on the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as herein provided, the Chargee may apply such sum or sums in or towards payment of the principal and or interest in default.

(e) If subparagraph (c) applies the Chargor will transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by him.

(f) In no event shall the Chargee be liable for any interest on any amount paid to it as hereinbefore required and the monies so received may be held with its own funds pending payment or application thereof as hereinbefore provided; provided that in the event that the Chargee does not utilize the funds received on account of taxes in any calendar year, such amount or amounts may be held by the Chargee on account of any pre-estimate of taxes required for the next succeeding calendar year, or at the Chargee's option the Chargee may repay such amount to the Chargor without any interest.

(g) The Chargor shall in all instances be responsible for the payment of any and all penalties resulting out of any late payment of current tax instalments or any arrears of taxes, and at no time shall such penalty be the responsibility of the Chargee.

6. Deemed Covenants Excluded

The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

7. Covenants in Lieu of Statutory Covenants

The Chargor does hereby, for himself, his heirs, executors, administrators and successors and assigns covenant, promise and agree to and with the Chargee, its heirs, executors, administrators, successors and assigns, as follows:

(a) To Pay and Observe Covenants: That the Chargor, shall pay or cause to be paid to the Chargee, without deduction or abatement the principal money secured by the Charge with interest as set out in the Charge at the times and in the manner therein limited for payment thereof, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or have been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

(b) For Good Title: That the Chargor, at the time of execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same. Further, the title to the Charged Premises is free of all encumbrances, restrictions and agreements except those agreed to in writing by the Chargee (the "Permitted Encumbrances").

(c) Right To Charge: That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge and that the Charge is enforceable. The Chargor shall advise the Chargee if it acquires adjacent lands to the Charged Premises and agrees that failure to do so constitutes a default under this Charge.

(d) Quiet Possession On Default: That from and after default in the payment of the principal money mentioned in the Charge, or the interest thereof, or any part thereof, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into have, hold, use, occupy, possess and enjoy the Charged Premises or intended so to be, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments

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whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

(e) Further Assurances: That from and after default shall happen to be made of or in the payment of the principal amount, or the interest thereon, or any part of the principal or interest, as set forth in the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning hereof, then and in every such case the Chargor, and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for him, shall and will, from time to time, and at all times thereafter, make, do, suffer and execute or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances, and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Charged Premises unto the Chargee, as by the Chargee, or its or their solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act To Encumber: That the Chargor has not and will not make, commit, execute, or wilfully or knowingly suffer or omit to do any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise howsoever save for any Permitted Encumbrances.

(g) Insurance:

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured against loss or damage by fire, and, as the Chargee may require, insure against loss or damage by tempest, tornado, cyclone, lightning, floods and other risks or hazards, the Charged Premises for the full replacement value thereof in lawful money of Canada with a company acceptable to the Chargee. This covenant for insurance shall apply to all structures whether now or hereafter erected on the Charged Premises;

(ii) That the Chargor covenants and agrees to maintain at all times during the continuance of this Charge liability insurance in an amount and issued by an insurer acceptable to the Chargee stating that the Chargor is insured against loss from liability imposed by law as owner and, where applicable, as landlord of the Charged Premises for personal injury, death and damage to or loss of property of any person;

(iii) That the Chargor covenants and agrees to maintain at all times during the continuance of this Charge insurance issued by insurers acceptable to the Chargee insuring the boilers, pressure vessels, machinery and like equipment (if any) attached to and forming part of the Charged Premises against loss or damage by explosion, rupture of steam pipes and other usual risks covered by boiler insurance;

(iv) That the Chargor at all times during the continuance of this Charge will maintain insurance issued by an insurer and in form and terms acceptable to the Chargee insuring the rental income of the Charged Premises in an amount acceptable to the Chargee;

(v) That the Chargor shall pay all premiums and sums of money necessary in connection with such insurance as the same shall become due, and each policy of insurance (except liability policies) shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to the standard form of mortgage clause acceptable to the Chargee attached to the policy but such mortgage clause to provide that at least 30 days notice will be given to the Chargee before cancellation of any policy; and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy or policies of insurance and receipts thereto appertaining; and each policy shall provide that it will not be terminated or expire unless the Chargee shall have first received 30 days prior written notice of such termination or expiration; and if the Chargor shall neglect to keep the Charged Premises insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least 30 days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the Charged Premises and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the rate applicable to principal as set out in the Charge from the time of such payments and shall be repayable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall (except in the case of liability policies) forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and production of the Charge shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and notwithstanding any other provisions to the contrary, statutory or otherwise, any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may

be applied, in the sole discretion of the Chargee, in whole or in part on the Charge debt or any part thereof whether due or not then due;

(vi) If the Charged Premises are part of a condominium, the insurance provisions set out in paragraphs (a) to (e) above will not apply and the following will apply to the Charge: The Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and, as the Chargee may require, insure against loss or damage by tempest, tornado, cyclone, lightning, and other risks or hazards normally insured against by a standard fire insurance or additional perils supplemental contract of insurance, for the full replacement value thereof in lawful money of Canada; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause acceptable to the Chargee attached to the policy; and the Chargor or the Condominium Corporation or both of them will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining; and each policy shall provide that it will not be terminated or expire unless the Chargee shall have first received 30 days prior written notice of such termination or expiration; and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least 15 days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the Charged Premises; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act* and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and in the event of loss or damage, the Chargee shall have the right to apply the proceeds arising from the insurance policy wholly or in part in reduction of any principal then remaining unpaid, notwithstanding that no amount at such time may be due and payable under the terms of repayment and/or of any other sums owing to it and/or in meeting costs of repair or reconstruction and/or to pay such proceeds in whole or in part to the Chargor or to the assigns of the Chargor, in which event the sum shall not be credited on the mortgage account, or partly in one and partly in other or others of said manner. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee. All of the foregoing covenants and provisions as to insurance shall apply to all buildings and structures whether now or hereafter erected on the

Charged Premises. The Chargor, as a member of the Condominium Corporation, shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(vii) The Chargor, upon demand, will transfer all policies of insurance effected upon the structures, erections or fixtures on the Charged Premises, (with the mortgage clause in a form approved by the Chargee attached) and the indemnity which may become due therefrom, to the Chargee, and the Chargee shall have a lien for its mortgage debt on all insurance on the said structures, erections or fixtures and may elect to have these insurance monies applied in reinstatement or towards payment of monies secured hereby whether due or not but shall not be bound to accept the said monies in payment of any principal not yet due.

(h) There are no actions, suits, judgments, awards or proceedings pending or, to the knowledge of the Chargor, threatened against the Chargor before any court or government department, commission, board, agency or instrumentality, domestic or foreign, or before any other authority, or before any arbitrator of any kind, which would, if determined adversely to the Chargor, materially adversely affects its business, property, financial condition or prospects or its ability to perform any of the provisions of this Charge to which it is a party or which purports to affect the legality, validity or enforceability of this Charge, and the Chargor is not in default with respect to any judgment, order, writ, injunction, award, rule or regulation of any governmental authority or any arbitrator, which individually or in the aggregate results in any such material adverse effect.

8. Release

The Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and forever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto and out of the said lands and premises hereby charged or intended so to be, and every part and parcel thereof, so as that the Chargor, shall not at any time hereafter have, claim, pretend to, challenge or demand the said lands and premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

9. Entry After Default and Power of Sale

(a) In the event of a default by the Chargor of payment of the principal and interest or any part thereof or other amounts payable as provided herein and by the Charge required or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor

provided in the Charge, the Chargee may enter into possession of the lands and premises hereby charged or intended so to be and take the rents, issues and profits and whether in or out of possession make such lease or leases as he or they shall think fit, and also on 15 days' default as aforesaid and after giving at least 35 days' written notice to the persons and in the manner and form prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, M.40 as it may be amended from time to time, may sell the lands and premises charged by the Charge or intended so to be or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its or their wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at its last known address, or by publishing it once in a newspaper published in the county or district in which the Charged Premises are situate, or otherwise giving notice as permitted by law, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. And it is hereby further agreed that the proceeds of sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly

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or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. If there is default as aforesaid, (i) the Chargee may sell or lease all or part of the Charged Premises without entering into actual possession of the Charged Premises and when it desires to take possession it may break locks and bolts and while in possession shall only be accountable for monies received by it; (ii) subject to the compliance with the *Planning Act*, R.S.O. 1990, Chapter P.13, as amended and supplemented from time to time, sales may be made from time to time of any part or parts of the Charged Premises to satisfy any portion of the principal or interest or other indebtedness owing to the Chargee pursuant to or in respect of the Charge, leaving the principal or residue thereof secured with the interest payable under the Charge on the remainder of the Charged Premises; (iii) the Chargee may take proceedings to sell and may sell the Charged Premises for part of any sums owing or in arrears subject to the balance of said sums not yet due at the time of the said sale; (iv) the Chargee may lease or take sale proceedings notwithstanding that other mortgage proceedings have been taken or are then pending; (v) the Chargor hereby appoints the Chargee the Chargor's true and lawful attorney and agent to make application under the said *Planning Act* and to do all things and execute all documents to effectually complete any such sale or lease. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee hereunder or in the Charge contained or existing at law by virtue thereof.

(b) Until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the said Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, or leases, secondly all costs, charges, damages and expense of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may be paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the principal money secured by the Charge, fifthly in payment of the subsequent encumbrances according to their priorities and the residue shall be paid to the Chargor as he may direct and shall also, in such event, at the request, costs and charges of the Chargor transfer, release and assure unto the Chargor or to such person or persons as he shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to

go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to these presents, that notwithstanding the power of sale and the other powers and provisions contained in the Charge the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the lands hereby charged as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been herein contained.

10. Distress and Attornment

The Chargor and any Additional Covenantors agree that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payment of taxes, if required, in the same manner as if the same were arrears of interest. To the extent the Charged Premises or any part thereof is not residential premises or units so as to be subject to the provisions of the *Tenant Protection Act*, 1997, S.O. 1997, Chapter 24, as amended from time to time, the Chargor hereby attorns to and becomes a tenant of such Charged Premises to the Chargee from year to year from the day of the execution of the Charge during the term of the Charge and any renewal or renewals thereof at a rental equivalent to and applicable in satisfaction of the interest payments forming part of the indebtedness, the legal relation of landlord and tenant being hereby constituted between the Chargee and the Chargor in regard to the Charged Premises. It is agreed that neither the existence of this provision nor anything done by virtue hereof shall render the Chargee a mortgagee in possession or accountable for any monies except those actually received by it and the Chargee may, on default of payment or in breach of any of the covenants contained or included in the Charge, enter on the Charged Premises and determine the tenancy hereby created without notice.

11. Principal Due on Default

If any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or on payment of any instalment or principal as the same mature or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money hereby secured or any part thereof, or in the performance of any covenant, proviso or agreement herein contained or if any waste be committed or suffered on the Charged Premises when at the option of the Chargee, the principal money secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time herein mentioned for payment

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of such principal money had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

12. Chargor's Quiet Possession Until Default

Until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to its own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them.

13. Buildings, Advances and Costs

Any and all buildings erected or to be erected on the Charged Premises shall form part of the security for the full amount of the monies secured by the Charge; and that all advances are to be made in such manner at such times and in such amounts up to the full amount of said monies as the Chargee in its sole discretion may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the execution or registration of the Charge or the advancement of any part of the monies, the Chargee is not bound to advance the monies or any unadvanced portion thereof and the advance of the monies and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the execution thereof by the Chargor and the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal sum not being advanced, the same to be a charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the rate provided for in the Charge and in default the said Chargee's power of sale, and all other remedies under the Charge shall be exercisable.

14. Fixtures

All structures, fixtures, erections and improvements fixed or otherwise now on or hereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed

mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the realty and shall be a portion of the security for the indebtedness herein mentioned, unless the Chargee agrees otherwise in writing.

15. Partial Release

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies hereby secured or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge.

16. Default in Prior Charges

If default is made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage or charge to which the Charge is subject or any other Permitted Encumbrance, then the monies hereby secured shall at the option of the Chargee, forthwith become due and be payable, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale herein contained may be exercised as herein provided.

17. Liens and Construction

Upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of 10 days, the principal and interest hereby secured shall, at the option of the Chargee, forthwith become due and payable.

18. Waste, Vacancy and Repair

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that he will maintain the buildings or other improvements on the Charged Premises in good condition, order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and that the Chargee whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Charged Premises, and the reasonable cost of such inspection shall be added to the debt secured by the Charge. The Chargor covenants not to do anything or let anyone else do anything that lowers the value of the Charged Premises.

19. Alterations

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the consent of the Chargee.

20. Non-Merger

The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times herein provided; and further that said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

21. Rights on Default

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable to the Chargee, and shall be a charge

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upon the Charged Premises secured by the Charge and shall bear interest at the rate aforesaid until paid.

22. Obligations Survive Sale

No sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

23. Due on Sale

In the event of:

(a) the Chargor selling, conveying, transferring, optioning or entering into any agreement of sale or transfer of the title of the Charged Premises to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to (a) apply for and receive the Chargee's written approval as aforesaid, (b) personally assume all the obligations of the Chargor under this Charge, and (c) execute an Assumption Agreement in the form required by the Chargee; or

(c) a change in control of the Chargor or a change in the beneficial ownership of the Charged Premises, without the prior approval in writing of the Chargee. A change of control means, in the case of any corporation or partnership, the transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights or interest which would result in any change in the effective control of such corporation or partnership unless such change occurs as a result of trading in the shares of a corporation listed on a recognized stock exchange in Canada or the United States.

(d) the Chargor, without the prior written consent of the Chargee, granting, permitting or causing any mortgage, charge or encumbrance whatsoever or lien other than any prior mortgage or charge to which this Charge is expressly made subject, to be registered or acquired against the Charged Premises;

then, and in each of such events, at the option of the Chargee, all monies hereby secured with accrued interest thereon and unearned interest thereon until maturity, shall forthwith become due and payable.

24. Prior Encumbrances

The Chargee may pay the amount of any encumbrance, lien or charge now or hereafter existing, or to arise or to be claimed upon the Charged Premises having priority over this Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor hereunder whether any action of any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid hereunder by the Chargee shall be added to the debt hereby secured and be a charge on the Charged Premises and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in the paragraph dealing with power of sale and shall entitle the Chargee to exercise the power of sale and all other remedies hereby given. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, he shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or Government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than 6 months if he thinks proper to do so.

25. *Ontario New Home Warranties Plan Act*

If the Chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the Act above referred to and the Regulations thereunder (in this section, the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a Vendor under the Act or enrolling the Charged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a charge on the Charged Premises in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the rate aforesaid, and shall be payable forthwith by the Chargor to the Chargee.

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. Extensions

o extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor any other dealing with the owner of the Charged Premises, or of the equity of redemption of or any part of the Charged Premises, shall in any way affect or prejudice the rights of the hargee against the Chargor or any other person liable for the payment of the monies hereby cured.

'. Bonus on Default

)n default of payment of any of the monies hereby secured or payable, the Chargee shall be ntitled to require payment, in addition to all other monies hereby secured or payable, hereunder f a bonus equal to 3 months interest in advance at the rate aforesaid upon the principal money ereby secured, and the Chargor shall not be entitled to require a discharge of the Charge without uch payment but nothing contained in the Charge shall affect or limit the right of the Chargee o recover by action or otherwise the principal so in arrears after default has been made.

8. Discharge, Partial Discharge and Subdivisions

The Chargee shall have a reasonable time after payment of the monies secured by the Charge in ull within which to prepare and execute a discharge (or, if requested, an assignment) of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and execution of such discharge and assignment shall be borne by the Chargor. The Chargor may, at its option, establish terms upon which it will partially discharge parts of the Charged Premises from this Charge. If a partial discharge is given, whether for value or not, the Charge shall continue in full force and effect against the balance of the Charged Premises. If the Charged Premises are subdivided, this Charge shall be secured by each part into which the Charged Premises are subdivided.

29. Other Security

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

30. **Spouse's Consent**

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee hereunder, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt hereby created as the Chargee may see fit.

31. ***Family Law Act***

The Chargor covenants and agrees that:

(a) the Chargor or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined by Section 1 of the *Family Law Act* (in this section, the "Act"), or any amendments thereto, and if so, the name of the spouse, and of any change in spousal status or in the status of the Charged Premises as the matrimonial home within the meaning of the Act, and

(b) the Chargee shall be kept fully informed of the names and addresses of the legal and beneficial owner(s) from time to time of the Charged Premises, the equity of redemption and of any spouse who is not an owner but has a right of possession in the Charged Premises, and

(c) forthwith on request he will furnish the Chargee with such evidence in connection with any of the matters referred to in this section as the Chargee may from time to time require, including, without limitation, his and his spouse's name, address and birth date and his spouse's authorization to the Registrar under *The Vital Statistics Act* of the Province of Ontario to provide the Chargee from time to time on request all information in its possession relative to any marriage, divorce or death of the Chargor or his spouse, and on default the principal money, interest and all other monies hereby secured shall, at the option of the Chargee, forthwith become due and payable.

32. **Additional Covenantor or Guarantor**

If a party is named in the Charge or schedule thereto as covenantor or guarantor then each such party (the "**Additional Covenantor**"), jointly and severally in the case of more than one guarantor and unconditionally for himself, his heirs, executors, administrators and assigns, in consideration of the loan referred to in the Charge and the sum of One ($1.00) Dollar now paid by the Chargee to him (receipt whereof is hereby acknowledged),

(a) covenants with the Chargee, as principal debtor and not as surety, that he will well and truly pay or cause to be paid to the Chargee all monies payable hereunder on the days and times and in the manner herein limited and appointed for the payment thereof;

(b) unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

(c) covenants and agrees to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

(i) the failure for any reason whatsoever of the Chargor to pay the monies expressed to be payable pursuant to this Charge or to do and perform any other acts, matter or thing pursuant to the provisions of this Charge;

(ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the said monies or the obtaining of performance by the Chargor or any other person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge;

(d) agrees that the Chargee shall not be obliged to proceed against the Chargor or any other person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Additional Covenantor herein stipulated and the enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) agrees that any waiver by the Chargee of any right or remedy available to it against the Chargor or the granting by the Chargee to the Chargor of any extension of time shall in no way affect the obligations of the Additional Covenantor hereunder;

(f) agrees that upon written demand being made by the Chargee, the Additional Covenantor will reimburse the Chargee, to the extent that reimbursement is not made by the Chargor, for all costs and expenses, including legal fees and disbursements incurred by the Chargee in recovering from the Chargor any monies hereby secured or in the enforcement of this Guarantee;

(g) agrees that until all monies hereby secured have been paid to the Chargee in full, the Additional Covenantor shall have no right of subrogation and the Additional Covenantor hereby waives unconditionally any right to participate in any collateral security given by the Chargor to the Chargee;

(h) agrees that the Chargee may at any time and from time to time without the consent of or notice to the Additional Covenantor, without incurring any responsibility to the Additional Covenantor and without thereby relieving the Additional Covenantor of any of its obligations hereunder;

(i) change the manner, place or terms of payment of any monies payable by the Chargor hereunder;

(ii) settle or compromise any of the Chargor's obligations hereunder;

(iii) exercise or refrain from exercising any rights or remedies against the Chargor;

(iv) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property pledged or mortgaged to the Chargee to secure the Chargor's obligations hereunder;

(v) make new advances, grant extensions of time for payment, renew or extend the term of this Charge and make any amendments or modifications to this Charge.

(i) A release of one Additional Covenantor shall not release or affect the obligations of any other Additional Covenantor or the Chargor.

33. No Prejudice from Failure to Enforce Rights

No failure to enforce at any time or from time to time any of the rights of the Chargee hereunder shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default hereunder of the Chargor shall relieve the Chargor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

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34. Farm Lands

If the Charged Premises are farm lands, the Chargor will in each year during the currency of the Charge either put into crop or summer fallow in good, proper and husband-like manner every portion of the Charged Premises which has been or may hereafter be brought under cultivation and will keep the Charged Premises clean and free from all noxious weeds and generally see that the Charged Premises does not depreciate in any way.

35. Condominiums

If the Charge is of land within a condominium, the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on him by the *Condominium Act* and by the Declaration and the By-laws, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that he will pay promptly when due any contributions to common expenses or special assessments required of him as an Owner of the Charged Premises and in the event of his default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby. The Chargor covenants to transmit to the Chargee, forthwith upon request, satisfactory proof that all common expenses and special assessments levied or assessed against the Charged Premises have been paid in full. Failure to make such payment is deemed a default under this Charge as if there was a failure to make a payment required to be paid to the Chargee.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an Owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that,

(i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the

said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

(d) The Chargee may vote, refuse to vote, grant consent or refuse to grant consent in its sole discretion without in any way consulting with the Chargor and without incurring liability to the Chargor or anyone else.

(e) The Chargor acknowledges that he has received a copy of the Declaration and By-laws (individually a **"By-law"** and collectively the **"By-laws"**) of the Corporation of which this unit forms a part and agrees to comply with the stipulations, restrictions, covenants and provisions therein and with the By-laws or Rules and Regulations passed pursuant thereto from time to time.

(f) The Chargor covenants with the Chargee to deliver to the Chargee in person or by prepaid registered mail, a copy of the following:

(i) each Notice of Meeting sent to the Chargor pursuant to the provisions of the Declaration and By-laws or the *Condominium Act*, either as owner of the unit or as a member of the Corporation, which copy is to be received by the Chargee at least 5 clear days prior to the date upon which such meeting is fixed to convene;

(ii) every claim against the Chargor or demand for payment from the Chargor, which claim or demand is pursuant to the provisions of the Declaration and By-laws, which copy is to be received by the Chargee at least 5 clear days prior to the date upon which such claim or demand becomes due and payable;

(iii) every notice received by the Chargor of a breach by the Chargor of the provisions, restrictions, terms, specifications or stipulations set out in the Declaration and By-laws, which copy is to be received by the Chargee within 5 days of the date upon which such notice is received by the Chargor;

(iv) every request or claim for the consent of the Chargor affecting the unit or the common elements of the Condominium Plan, which copy is to be received by the Chargee within 5 days of the date upon which such demand or request is received by or made of the Chargor;

(v) any information known to the Chargor concerning the termination of a Management Agreement or Insurance Trust Agreement for the Corporation, such information to be delivered to the Chargee immediately upon the Chargor learning of such information.

(g) The Chargor by these presents does hereby charge his interest in the assets of the Corporation, which assets are now owned or may hereinafter be acquired by the Corporation, in a like manner as the lands charged in this Charge.

(h) The Chargor covenants that he will not without permission in writing from the Chargee, do any act or fail to do any act which will or may have the effect of furthering any of the following:

(i) the engagement by the Corporation of a management company or other person for the property who is not or who has not been actively engaged in the field of professional property management; or

(ii) the leasing by the Corporation of any of the common elements of the property.

(i) In the event that the government of the property included in the Condominium Plan is terminated, or in the event of the sale of the property or of a part of the common elements of the Condominium Plan being authorized by a vote of the owners of the units on the said Plan, then in such event, the monies hereby secured shall forthwith become due and payable, at the option of the Chargee, and all the powers in and by this Charge conferred shall become exercisable, notwithstanding any consent given by the Chargee to such termination or sale. If the Chargee does not choose to have the monies hereby secured come due and payable, all of the terms of this Charge shall continue to apply to the Charged Premises. The Chargee is authorized to agree to a partition of the Condominium property and pay or receive equalization payments, execute documents and do all acts necessary or advisable to carry out the partition. The Chargor hereby assigns to the Chargee its share of the assets of the Condominium and the proceeds of the sale of the Charged Premises and common interest or any part of the Condominium's assets. Any such amounts received by the Chargee shall be applied to expenses and the indebtedness under this Charge. Any balance remaining owing shall be payable by the Chargor to the Chargee.

36. Leasehold Interest

If the Chargor is a tenant of the Charged Premises, the following provisions apply in addition to the other provisions of this Charge as applicable:

(a) the Chargor represents, warrants and covenants that as of the date of this Charge and each subsequent advance that:

(i) The Charged Premises are leased by the Chargor under a lease (the **"Lease"**) a true copy of which, together with any amendments or modifications, has been provided to the Chargee;

(ii) The Lease is a valid, binding and existing Lease and all information provided to the Chargee respecting the Lease is true;

(iii) All rents and all other amounts due under the Lease have been paid to date and all future rents and amounts payable will be paid as they come due;

(iv) The Chargor has obtained any necessary consent to assign, sublease and charge the Lease under this Charge and has the full power and lawful authority to charge and demise by way of sublease, the Charged Premises to the Chargee according to the intent of this Charge and is not aware of any fact or notice that would materially affect the security provided in this Charge;

(v) There are no limitations, restrictions or encumbrances on the Chargor's interest in the Charged Premises except those which the Chargee has agreed, in writing, to accept;

(vi) The Chargor has complied with and in the future will comply with all other terms of the Lease and shall keep the Lease in good standing;

(vii) The Chargor will not surrender its interest in the Lease nor terminate the Lease nor will the Chargor take any action or give any notice which would have the effect of terminating or permitting the termination of the Lease nor shall the Chargor modify, change, supplement, alter or amend the Lease, either orally or in writing, without the prior written consent of the Chargee, and the Chargor hereby assigns to the Chargee all its rights, privileges and prerogatives under the Lease to terminate, surrender, cancel, modify, change, supplement, alter or amend the Lease;

(viii) The Chargor covenants that it will:

I. promptly notify the Chargee in writing of the receipt by the Chargor of any notice (other than notices customarily sent on a regular periodic basis which the Chargee has previously received) from the Landlord under the Lease and of any notice noting or claiming any default by the Chargor in the performance or observance of any of the terms, covenants or conditions on the part of the Chargor to be performed or observed under the Lease and a copy of the response it intends to send to the Landlord under the Lease setting out the manner in which it will rectify or dispute the default;

II. promptly notify the Chargee in writing of the receipt by the Chargor of any notice from the Landlord under the Lease of termination of the Lease;

III. promptly notify each tenant under each sublease of the assignment of rentals to the Chargee; and

IV. promptly notify the Chargee in writing of the receipt by the Chargor of any notice from a tenant or subtenant under any lease (other than notices customarily sent on a regular periodic basis which the Chargee has previously received);

(ix) that the Chargor will comply with and keep in good standing the Permitted Encumbrances;

(x) that in the event any building is hereafter erected on the Charged Premises and remains unfinished and without any work being done in it for a period that is unreasonable in the circumstances, the Chargee may at such time or times as the Chargee may deem necessary after giving notice to the Chargor and without the concurrence of any person, enter upon the Charged Premises and do all work necessary to protect the same from deterioration and may make such arrangements for completing the construction of, repairing or putting in order any improvements to the Charged Premises or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Charged Premises as the Chargee may deem expedient and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes, shall be forthwith payable to the Chargee and shall be a charge upon the Charged Premises and shall bear interest at the interest rate provided for herein;

(xi) that it will promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the Charged Premises (save where such compliance is the obligation of any of the tenants under the Leases, in which case the Chargor will use its best efforts to cause such tenants to comply with same) and further agrees to make or cause to be made any and all improvements thereon or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future law, rule, requirements, order, direction, ordinance or regulation;

(xii) the Lease provides for notice of default under the Lease to the Chargee and allows the Chargee to pursue its remedies; and

(xiii) it shall execute and deliver to the Chargee such further assurances advisable in the Chargee's opinion for validly giving to the Chargee the charge, sublease and assignments hereby intended to be created in such form as the Chargee may request.

(b) The Chargor hereby charges the Charged Premises to the Chargee by way of sublease of the Charged Premises for the term of the Lease less one day and assigns to the Chargee any other benefits contained in the Lease.

(c) The Chargor covenants not to do anything that will interfere with the Charge or the Chargee's interest in the Charged Premises and further covenants to provide the Chargee with a true copy of any notice or request received or given concerning the Lease and to notify the Chargee immediately if the landlord advises the Chargor is in default or the landlord intends to or takes any steps to effect early termination of the Lease.

(d) The Chargee may, in its sole discretion, cure any default by the Chargor under the Lease but is not required to do so. If the Chargee cures any such default, the costs and expenses so incurred shall be repaid by the Chargor forthwith, shall bear interest at the rate set out in this Charge and shall be added to the principal amount hereby secured.

(e) The implied covenants deemed to be included in a charge pursuant to subsection 7(1) of the *Land Registration Reform Act, R.S.O.* 1990, c.L.4 shall be and are hereby expressly excluded and replaced by the provisions hereof which are covenants by the Chargor for itself and its successors and assigns to and for the benefit of the Chargee and its successors and assigns;

(f) If any of the forms of words contained herein are substantially in the forms of words contained in Column One of Schedule "B" of the *Short Forms of Mortgages Act* and distinguished

by a number therein, this charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and this charge shall be interpreted as if the *Short Forms of Mortgages Act* was still in force and effect;

(g) If all or any part of the Charged Premises at any time or from time to time is taken by the exercise of any power of expropriation or under any other similar power or by sale in reasonable anticipation thereof, the Chargee shall release the part of the Charged Premises so taken or sold upon:

(i) receipt by the Chargee of a certificate signed by the President or Secretary of the Chargor briefly describing the part of the Charged Premises taken and the amount of the compensation therefor, stating either that such amount has been determined by arbitration or judicial proceedings or that it is in the opinion of the President or Secretary fair and reasonable and stating the extent, if any, to which tenants under the Leases may be entitled to any part of such compensation;

(ii) the assignment of and the deposit with the Chargee of the compensation for such part of the Charged Premises; and

(iii) receipt by the Chargee of an opinion of its counsel stating that such part of the Charged Premises has been duly taken by the exercise of one of the aforesaid powers.

If the Chargor proposes or proceeds to sell any part of the Charged Premises to the expropriating authority in anticipation of expropriation, as aforesaid, it shall first obtain the written consent of the Chargee.

(h) In case the whole or substantially the whole of the Charged Premises shall be taken by exercise of any expropriation powers, the proceeds of any such taking are hereby assigned to the Chargee and shall be applied by the Chargee to reduce the principal amount outstanding and should such proceeds, together with all other assets held by the Chargee and available for that purpose, be insufficient to pay off all of the outstanding principal amount and all interest thereon and all other moneys (if any) outstanding hereunder, such proceeds shall be applied to the reduction of the principal amount as aforesaid and the Chargor hereby covenants to deposit with the Chargee an amount that, together with such proceeds and the other assets and security held by the Chargee and available for that purpose, will be sufficient to effect the payment of all of the principal amount outstanding together with all interest thereon and other moneys (if any) outstanding hereunder.

(i) If the Chargor acquires the fee simple title to the Charged Premises, then contemporaneously with the execution and delivery of the conveyances of the Charged Premises to the Chargor, the Chargor shall execute and deliver to the Chargee a first freehold charge having priority to any encumbrances upon the Charged Premises, substantially upon the terms and conditions of this charge or as otherwise agreed upon between the Chargor and the Chargee, of the Charged Premises acquired pursuant to such conveyance together with all buildings or structures then or thereafter constructed, erected or placed thereon with all their appurtenances, fixtures and chattels, in favour of the Chargee, for an amount equal to the principal amount, accrued interest, any additional payments, together with any costs, charges and other moneys then outstanding under this charge at the time of such conveyance and upon the registration of such first freehold charge this debenture shall be discharged.

37. Building Mortgage

If the purpose of this Charge is to finance improvements on the Charged Premises, the following conditions shall apply:

(a) All construction on the Charged Premises shall be carried out by reputable contractors with sufficient experience in a project of this nature and size, which contractors and contracts must be prior approved by the Chargee in writing, such approval not to be unreasonably withheld;

(b) The renovations to the building and structures located on the Charged Premises having been commenced shall be continued in a good and workmanlike manner, with all due diligence and in accordance with the Plans and Specifications delivered to the Chargee and to the satisfaction of all governmental and regulatory authorities having jurisdiction;

(c) Should construction on the project on the Charged Premises cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Chargor excepted) for a period of ten consecutive days (Saturdays, Sundays and statutory holidays excepted), then this Charge, and all monies secured hereby, at the option of the Chargee shall immediately become due and payable. In the event that construction does cease, then the Chargee shall have the right, at its sole option, to assume complete control of the construction of the said project in such manner and on such terms as it deems advisable. The cost of completion of the said project by the Chargee and all expenses incidental thereto shall be added to the principal amount of this Charge, together with a management fee of fifteen percent (15%) added to the principal amount of this Charge, shall bear interest at the rate as herein provided for and shall form part of the principal sum herein and the Chargee shall have the same rights and remedies

with respect to collection of same as it would have with respect to collection of principal and interest hereunder or at law;

(d) Advances secured by this Charge will be advanced in stages on a cost to complete basis as construction of the building(s) or other structure(s) on the Charged Premises proceed(s) or as the conditions as enumerated by the commitment or facility letter are complied with. At all times there shall be sufficient funds advanced under this Charge and retained by the Chargee to complete the construction and/or renovation of the project on the Charged Premises as well as a holdback of 10 percent (10%) with respect to work already completed;

(e) All advances which are made from time to time hereunder shall be based on Certificates of an Architect or other person satisfactory to the Chargee and/or retained by the Chargee at the expense of the Chargor, which Certificates shall without limitation certify the value of the work completed and the estimated costs to complete any uncompleted work and such Certificates shall further certify that such completed construction and/or renovation to the date of such Certificate shall be in accordance with the approved Plans and Specifications for the said construction and further, in accordance with the Building Permits issued for such construction and in accordance with all municipal and other governmental requirements of all authorities having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the Charged Premises. Such Certificates with respect to any values shall not include materials on the site which are not incorporated into the building;

(f) The Chargor covenants and agrees upon completion of the project to be erected on the Charged Premises to deliver as further security for the loan herein secured, a Chattel Mortgage or Security Agreement covering the goods, equipment, proceeds, inventory and chattels to be installed in the said building, said Chattel Mortgage or Security Agreement to be in a form approved by the solicitor of the Chargee;

(g) The Chargor shall pay an inspection fee in such reasonable amount as the Chargee may charge from time to time for each such inspection and the Chargee's solicitors shall be paid their reasonable fees and disbursements for each subsearch and work done prior to each such advance and all such monies shall be deemed to be secured hereunder and the Chargee shall be entitled to all rights and remedies with respect to collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law.

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38. Receivership

Notwithstanding anything herein contained if there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which terms as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. The Chargor hereby agrees and consents to the appointment of such receiver of the Chargee's choice and without limitation, whether pursuant to the Charge, the *Mortgages Act*, the *Construction Lien Act* or pursuant to the *Courts of Justice Act* (as the Chargee may at its sole option require). Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies whether created before or after these presents,

(ii) rent any portion of the Charged Premises which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases,

(iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description,

(iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.

(d) Every such receiver shall be deemed the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a Chargee in possession of the Charged Premises.

(f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by him in respect of the Charged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) his remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Charged Premises in priority to these presents, including taxes, insurance premiums and every other proper expenditure incurred by him in respect to the Charged Premises or any part thereof;

(iv) to the Chargee all interest, principal and other monies due hereunder to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the same rate as applies to the principal hereby secured.

(g) Save as to claims for accounting under clauses (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of these presents and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

(k) Any such receiver shall have the power to borrow money to carry on the business of the Chargor or to maintain the whole or any part of the Charged Premises, in such amounts as the receiver may from time to time deem necessary and in so doing the receiver may issue certificates that may be payable when the receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall charge the lands in priority to this Charge;

(l) Any such receiver shall have the power to execute and prosecute all suits, proceedings and actions which the receiver in his opinion considers necessary for the proper protection of the Charged Premises, to defend all suits, proceedings and actions against the Chargor or the receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and to appeal any suit, proceeding or action.

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39. Renewal or Extension: Attention Subsequent Interests

The Charge may be renewed or extended by an agreement in writing, before, at or after maturity, for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances and it shall not be necessary to register any such agreement in order to retain priority for the charge so altered over any instrument registered subsequently to the Charge. However, nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor.

40. Compliance with Law

The Chargor covenants and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority and agency concerning the Charged Premises and will at its own expense make any and all improvements thereon or alterations thereto, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, direction, ordinance or regulation. The Chargee, whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Charged Premises and make such improvements and alterations as the Chargee deems necessary to render the Charged Premises in compliance with such laws, rules, requirements, orders, directions, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations with interest at the rate set forth in the Charge shall be payable forthwith and be a charge upon the Charged Premises secured by the Charge.

41. Chargee Expenses

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to this Charge, and to any and all other documents required in connection therewith, and of any amendment or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring or payment of any monies payable hereunder including, without limiting the generality of the foregoing, all solicitor's fees, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the rate provided for in the Charge and shall be a charge on the Charged Premises.

42. Assignment of Rents

(a) To further secure the indebtedness secured hereunder, the Chargor hereby assigns and transfers unto the Chargee all rents, incomes, profits and other benefits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal or any letting of, or of any agreement for the use or occupancy of the Charged Premises or any part thereof, which may have been heretofore or may be hereafter made or agreed to, or which may be granted, it being the intention of the parties to establish an absolute transfer and assignment of all such rents, income, profits and other benefits under such leases and agreements and all the avails thereunder unto the Chargee;

(b) If the Chargor further covenants and agrees to execute and deliver at the request of the Chargee all such further assurances and assignments with respect to such tenancies as the Chargee shall from time to time require, and shall do all other acts with respect to such tenancies as requested by the Chargee;

(c) In the event that the Chargee collects any payments of rent due to the Chargor's default, the Chargee shall be entitled to receive from such rent a management fee of 10 percent (10%) of all the gross receipts from such rent, it being understood for greater certainty that the Chargor and Chargee have agreed that in the circumstances a management fee equal to 10 percent (10%) of gross receipts received by the Chargee in the collection of such rents is a just and equitable fee having regard to the circumstances;

(d) The Chargor covenants and agrees that no rent has been or will be paid by any person in possession of any portion of the premises described herein, more than 1 month in advance and that the payment of none of the rents to accrue for any portion of the Charged Premises have been or will be waived, released, reduced, discounted or otherwise discharged or comprised by the Chargor;

(e) Provided further that the Chargor will not perform any act or do any thing or omit to do any thing which will cause the default of any lease in or of the buildings or structures erected on the Charged Premises, unless consented to by the Chargee;

(f) The Chargor agrees that all leases, offers to lease and agreements to lease shall be bona fide and shall be at rates and on terms consistent with comparable space in the area of the Charged Premises secured hereunder and provided further that the Chargor shall obtain the consent of the Chargee prior to the execution of any lease, offer, agreement to lease or any tenancy agreement;

(g) Nothing contained under this paragraph shall have the effect of making the Chargee a Chargee in possession.

43. Payments

(a) Payments hereby secured shall be made to the Chargee at the address designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor from time to time.

(b) Any payment of principal, interest or principal and interest combined made after 1:00 p.m. shall be deemed, for the purpose of calculation of interest, to have been made and received on the next bank business day.

(c) Any payment to be made hereunder which is not made by the Chargor within the time limited for such payment hereunder shall be added to the debt hereby secured and shall be payable forthwith, with interest, at the rate aforesaid and in default, this Charge shall immediately become due and payable at the option of the Chargee and all powers in this Charge conferred shall become exercisable.

(d) Any payment made by the Chargee on account of realty taxes and insurance premiums, or otherwise, as provided in this Charge, shall be added to the debt hereby secured and shall be payable forthwith, with interest, at the rate aforesaid and in default, this Charge shall immediately become due and payable at the option of the Chargee and all powers in this Charge conferred shall become exercisable.

44. Non-Merger

Notwithstanding the registration of this Charge and the advance of funds pursuant hereto, the terms and/or conditions of the commitment or facility letter pertaining to the loan transaction evidenced by this Charge shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and/or delivered on closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of such commitment or facility letter and this Charge, the Chargee shall decide in its sole and unfettered discretion which shall prevail.

45. Urea Formaldehyde Foam Insulation, Asbestos and Pests

The Chargor warrants that the Charged Premises is not now and never has been insulated with or contains urea formaldehyde foam insulation and has not been constructed with, or upon lands containing, any toxic or noxious materials, including asbestos, that reduce or will reduce if known, the fair market value of the Property nor is the Charged Premises infested with pests such as termites or carpenter ants. The Chargor will not insulate or allow any buildings, erections, additions or improvements to be insulated with or contain Urea Formaldehyde Foam Insulation or asbestos nor infested with pests. The indebtedness will immediately become due and payable if at any time it is determined that any building, erection, addition or improvement subject to this Charge contains urea formaldehyde foam insulation, or has been constructed with or upon lands containing any toxic or noxious materials that reduce or will reduce if known, the fair market value of the Property or is infested with pests.

46. Environmental

(a) The Chargor hereby represents, warrants and covenants that:

(i) neither the Chargor, nor, to the best knowledge of the Chargor, any other person has ever caused or permitted any Hazardous Substance (defined herein) to be placed, held, located or disposed of on, under or at any Charged Premises to the extent that such would be in violation of any Environmental Laws;

(ii) that all businesses and assets at the Charged Premises are and will be operated in compliance with Environmental Laws (including, without limitation laws respecting the disposal, release or emission of any Hazardous Substance);

(iii) no enforcement actions in respect of Environmental Laws are threatened or pending. The Chargor permits the Chargee to conduct inspections and appraisals of all or any of its records, business and assets at any time and from time to time to ensure such compliance;

(iv) there are no underground or above ground storage tanks at the Charged Premises nor will there be in the future, except as the Chargee consents in writing. If there are permitted storage tanks, they will be registered, installed , maintained and repaired in accordance with all applicable laws including Environmental Laws;

(v) to the best of the Chargor's knowledge (after due and diligent inquiry), no condition exists as to any real property contiguous to or in close proximity with the Charged Premises which would require a qualification to any of the above representations or warranties if such condition applied to the Charged Premises;

(vi) except for substances necessary to the carrying on of the normal business at the Charged Premises, no Hazardous Substance shall be brought onto or used on or in any part of the Charged Premises without the prior written consent of the Chargee and any Hazardous Substance brought onto or into any part of the Charged Premises or used by the person on or in any part of the Charged Premises shall be transported, used, stored and disposed of only in accordance with all Environmental Laws, other lawful requirements, prudent industrial standards (including without limitation any published environmental standards of any applicable industry association) and any requirements of applicable insurance policies;

(vii) the Chargor has created, properly organized and maintained all documentation and records concerning environmental matters as required by any Environmental Laws and will maintain such documentation and records at all times in future as aforesaid;

(viii) the Chargor has provided to the Chargee any environmental assessment and related documentation concerning any of the Charged Premises in its possession or control and shall promptly provide to the Chargee any such material as the Chargor may obtain in future.

(b) The Chargor shall promptly notify the Chargee if it:

(i) receives notice from any governmental authority of any violation or potential violation of any Environmental Laws, including the Release of a Hazardous Substance, which may have occurred or been committed or is about to occur or be committed;

(ii) receives notice that any administrative or judicial compliant or Environmental Order has been issued or filed or is about to be issued or filed against any of the occupants or the Chargor alleging violations of any Environmental Laws or Environmental Orders or requiring the taking of any action in connection with any Hazardous Substance;

(iii) learns of the enactment of any Environmental Laws or the issuance of any Environmental Orders which may have a material adverse effect on the Charged Premises

or the operations or the condition, financial or otherwise, of any of the occupants or the Chargor;

(iv) knows of or suspects that any Hazardous Substance (other than a substance necessary to the carrying on of the normal business at the Charged Premises that is handled, stored, used and disposed of in accordance with Environmental Laws) has been brought onto any part of the Charged Premises or that there is any actual, threatened or potential Release of any Hazardous Substance (whether or not a substance necessary to the carrying on of the normal business at the Charged Premises) on, from, in or under any of the Charged Premises.

(c) The Chargor hereby grants to the Chargee and its employees and agents an irrevocable and non-exclusive licence, subject to the rights of the occupants of the Charged Premises, to enter any of the Charged Premises to conduct testing and monitoring with respect to the Hazardous Substances and to remove any analyze any Hazardous Substance at the cost and expense of the Chargor (which cost and expense shall be secured by this Charge).

(d) The Chargor hereby indemnifies the Chargee, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against: (i) any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever (including without limitation, the costs of defending and/or counterclaiming or claiming over against third parties in respect of any action or matter); (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Chargee (which may be done without the consent of the Chargor) which at any time or from time to time may be paid, incurred or asserted against, any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the Release from, any property or into or upon any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Substance including without limitation the clean-up, decommissioning, restoration and remediation of the Charged Premises and other affected lands or property.

(e) The provisions of and undertakings and indemnification set out in this section shall survive the satisfaction and release of the security for, and payment and satisfaction of the indebtedness and liability of the Chargor to the Chargee pursuant to this Charge. The Chargor shall be entitled to defend any such potential loss, provided that the Chargee, if it reasonably determines that its security is or could be materially impaired, may also defend against any such loss and may recover any costs or expenses related thereto in accordance with this section.

(f) The following terms shall have the following meanings:

"Environmental Laws" means all applicable federal, provincial, regional, state, municipal or local laws, common law, statutes, regulations, ordinances, codes, rules, guidelines, requirements, certificates of approval, licences or permits relating to Hazardous Substances or the use, consumption, handling, transportation, storage or Release thereof including without limitation (and in addition to any such laws relating to the environment generally) any such laws relating to public health, occupational health and safety, product liability or transportation;

"Environmental Order" means any prosecution, order, decision, notice, direction, report, recommendation or request issued, rendered or made by any governmental authority in connection with Environmental Laws or Environmental Orders;

"Release" includes abandon, add, deposit, discharge, disperse, dispose, dump, emit, empty, escape, leach, leak, migrate, pour, pump, release, seepage or spill;

"Hazardous Substance" means any substance, combination of substances or by-product of any substance which is or may become hazardous, toxic, injurious or dangerous to any person, property, air, land, water, flora, fauna or wildlife; and includes but is not limited to contaminants, pollutants, wastes and dangerous, toxic, deleterious or designated substances as defined in or pursuant to any Environmental Laws or Environmental Orders.

47. Prepayment

The Charge may not be prepaid in whole or in part except as permitted by law or by any written agreement with the Chargee.

48. Continuing Security

The Charge shall be continuing security to the Chargee notwithstanding any new advance, discount or credit, renewal, or replacement substitution or alteration of any negotiable instrument. The Chargee may, at its option, sell or deposit the Chargor's indebtedness to the Chargee as evidenced by this Charge and any other security to one or more third party(ies) without notice to or the consent of the Chargor and in such event this Charge is deemed to continue to secure the Chargor's obligations hereunder.

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49. Amendments

This Charge may be amended or modified only by written agreement signed by the Chargor and Chargee and any such amendment or modification is binding on any Additional Covenantors and subsequent encumbrancers whether or not notice is given.

50. Notice

Notices to the Chargor may be given to the Charged Premises. Any notice to the Chargee is deemed received when it is received at the branch of the Chargee noted on the Charge or such other branch as the Chargee may advise.

51. Notes to Evidence Debt

If the indebtedness of the Chargor to the Chargee intended to be secured by this Charge is evidenced by any note or notes by the Chargor to the Chargee, such note or notes shall constitute prima facie evidence of the indebtedness secured by this Charge, provided it is not necessary that the indebtedness or any part thereof be evidenced by a note or notes.

52. Severability of any Invalid Provisions

It is agreed that in the event that at any time any provision of these presents is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or regulation render the Chargee unable to collect the amount of any loss sustained by it as a result of making the above recited loan which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

53. Interpretation

The expression **"the Chargor"** used in this Charge shall include heirs, executors, administrators, successors and assigns of the Chargor or any of them as appropriate in the context and the expression **"the Chargee"** shall include the heirs, executors, administrators, successors and assigns of the Chargee or any of them as appropriate in the context. If the Charge affects a condominium, the references to the **"Condominium"** or to the **"Corporation"** shall mean the condominium corporation referred to in the description and the expression **"Declaration"** shall mean the declaration registered in connection with the Condominium Corporation. Words in

the singular include the plural, any words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires. All covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor shall be equally binding upon his, her or their respective heirs, executors, administrators, successors and assigns and that all such covenants, liabilities and obligations shall be joint and several, and that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by and shall enure for the benefit of his heirs, executors, administrators, successors and assigns. If any of the forms of words contained herein are also contained the Column One of Schedule "B" of the *Short Forms of Mortgages Act* and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and this Charge shall be interpreted as if the *Short Forms of Mortgages Act* were still in full force and effect. This Charge shall be governed by the laws of Ontario and the laws of Canada applicable therein.

54. Paragraph Headings

The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

55. Date of Charge

This Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of signature thereof by the first named Chargor.

56. True Copy

The Chargor acknowledges receipt of a true copy of the within Charge. However failure to obtain such acknowledgement does not affect the applicability of these Standard Charge Terms.

Dated this _____ day of September, 1999.

HSBC Bank Canada

By its solicitors, Borden & Elliot

Per: _____

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Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by Clarica Life Insurance Company

Filing Number: Filing Date:

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9917 Cote
Filing Date 7 OCTOBER 1999 Date de Dépôt
Page 1 of/de 10 (TEN) Pages
Jan Veitch
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

The following set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. **INTERPRETATIONS**

In these mortgage terms:

a. All words used in this Set of Standard Charge Terms, for which an interpretation is provided in Section 1 of the Land Registration Reform Act, 1984 (the Act), have the meaning assigned to them by Section 1 of the Act, except for the words interpreted in this Section;

b. "Balance Due Date" means the date on which the mortgage money is due and payable as shown on the mortgage form, or a revised date that the lender may establish;

c. "borrower" means the person or persons named in the mortgage form as a Chargor;

d. "borrower mailing address" means the postal address of the borrower shown on the mortgage form or the most recent postal address provided in a written notice given by the borrower to the lender under these mortgage terms;

e. "borrower's promises and agreements" means any one or more of the borrower's obligations, promises and agreements contained in this mortgage;

f. "court" means a court or judge having jurisdiction in any matter arising out of this mortgage;

g. "default" includes each of the events of default listed in Section 9. a. of these mortgage terms;

h. "First Payment Date" means the date on which the first instalment payment is payable as shown on the mortgage form, or a revised date that the lender may establish;

i. "guarantor" means each person who signs the mortgage form as a Guarantor;

j. "instalment payment" means the amount of each periodic payment shown on the mortgage form, or a revised amount that the lender may establish;

k. "instalment payment date" means each payment date commencing on the First Payment Date shown on the mortgage form, or a revised date that the lender may establish;

l. "interest" means interest at the interest rate shown on the mortgage form;

m. "Interest Adjustment Date" means the Interest Adjustment Date shown on the mortgage form, or a revised date that the lender may establish;

n. "interest calculation period" means the period or periods for the calculation of interest shown on the mortgage form;

o. "interest rate" means the interest rate shown on the mortgage form, or a revised rate that the lender may establish;

p. "land" means all the borrower's present and future interest in the land described in the mortgage form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land;

q. "Last Payment Date" means the date on which the last instalment payment is due as shown on the mortgage form, or a revised date that the lender may establish;

r. "lease" means the leasehold interest, if any, of the borrower referred to in the mortgage form;

s. "lender" means the person or persons named in the mortgage form as a Chargee and includes any person to whom the lender transfers this mortgage;

t. "lender mailing address" means the postal address shown on the mortgage form or the most recent postal address provided in a written notice given by the lender to the borrower under these mortgage terms;

u. "Maturity Date" means the Balance Due Date shown on the mortgage form, or a revised date that the lender may establish, and is the date on which all unpaid mortgage money is due and payable, or such earlier date on which the lender can lawfully require payment of the mortgage money;

v. "mortgage" means this Charge/Mortgage of Lands made pursuant to the Land Registration Reform Act, 1984 to which the borrower and the lender are parties; which mortgage consists of the mortgage form, any amendments contained in it, and these standard charge terms, together with any amendments from time to time made afterward by the borrower and the lender in writing;

w. "mortgage form" means Form 2 established by the Regulations of the Act and all schedules and addenda to Form 2;

x. "mortgage money" means the principal amount, interest and any other money owed by the borrower under this mortgage, the payment of which is secured by this mortgage;

y. "place of payment" means the place of payment shown on the mortgage form or any other place specified in a written notice given by the lender to the borrower under these mortgage terms;

z. "principal amount" means the amount of money shown as the principal amount on the mortgage form as reduced by payments made by the borrower from time to time, or increased by the advance or readvance of money to the borrower by the lender from time to time, and includes all money that is later added to the principal amount under these mortgage terms;

aa. "receiver" means a receiver or receiver manager appointed by the lender under this mortgage;

ab. "taxes" includes all taxes, rates and assessments of every kind which are now or afterward payable by any person in connection with this mortgage, the land or its use and occupation, or arising out of any transaction between the borrower and the lender, but does not include the lender's income tax; taxes will be deemed to be due on the day on which they are levied by the applicable authority;

In this mortgage, the singular includes the plural and vice versa.

2. **WHAT THIS MORTGAGE DOES:**

a. In return for the lender agreeing to lend the principal amount to the borrower, the borrower grants and mortgages the land to the lender as security for repayment of the mortgage money and for performance of all the borrower's promises and agreements.

b. If the interest mortgaged is described in the mortgage form as a leasehold interest, the grant in Subsection a will be construed as a charge of the unexpired term of the lease less the last month of that term.

c. This means that:

1) this mortgage will be a charge on the land, and

2) the borrower releases to the lender all the borrower's claim to the land until the borrower has paid the mortgage money to the lender, in accordance with these mortgage terms, and has performed all of the borrower's promises and agreements.

d. The borrower may continue to remain in possession of the land as long as the borrower performs all of the borrower's promises and agreements.

e. When the borrower has paid the mortgage money and performed all the borrower's promises and agreements under this mortgage and the lender has no obligation to make any further advances, or readvances, the lender will no longer be entitled to enforce any rights under this mortgage and the borrower will be entitled, upon payment of the lender's discharge fee, to receive a discharge of this mortgage. The discharge must be signed by the lender and must be registered by the borrower in the Land Registry Office to cancel the registration of this mortgage against the land.

3. **INTEREST**

a. Interest is chargeable on the mortgage money and is payable by the borrower.

b. Interest is not payable in advance. This means that interest must be earned before it is payable.

c. Until the Interest Adjustment Date, interest is chargeable on the principal amount advanced from time to time, starting from and including the date of advances until, but not including, the Interest Adjustment Date and will, at the lender's option, become due and payable in regular instalments commencing on the first day of the month following the first advance and continuing on the first day of each subsequent month. The balance, if any, of interest on advances will be due and payable on the Interest Adjustment Date.

At the lender's option, interest on advances may be deducted from any advance.

d. After the Interest Adjustment Date, interest is calculated in accordance with the calculation period shown on the mortgage form, not in advance, as well after as before the Balance Due Date.

e. In any case where interest is calculated on a daily basis, simple interest may be charged.

f. At the end of each calculation period, unpaid interest will be added to the principal amount and bear interest. This is known as compound interest.

g. All required interest or compound interest will be a charge on the land and secured by this mortgage.

4. **PAYMENT OF THE MORTGAGE MONEY**

a. The borrower promises to pay the mortgage money, in lawful money of Canada, to the lender at the place of payment in accordance with the payment provisions set out in the mortgage form and these mortgage terms.

b. The instalment payment is due and payable as set out in the mortgage form regardless of the principal amount advanced at the instalment payment date.

c. Where the full principal amount is not advanced, the instalment payment may, at the lender's option, be reduced proportionately.

d. The borrower promises to arrange for instalment payments to be made by using the lender's pre-authorized cheque plan.

e. The balance, if any, of the mortgage money will be due and payable on the Balance Due Date shown on the mortgage form.

f. Any additional principal payment which is received on a day other than an instalment payment date, may not be credited for the purpose of calculating interest on the principal amount until the next ensuing instalment payment date.

g. The amount of the instalment payment will not change as a result of additional principal payments.

h. This mortgage cannot be prepaid except as expressly permitted under this mortgage.

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5. EARLY RENEWAL PRIVILEGES

a. Provided there is no default under this mortgage the borrower has the privilege of renewing this mortgage on any instalment payment date during the original term, by selecting a renewal option that the lender is offering at the date of the borrower's selection and on payment of the interest rate differential and an early renewal processing fee. Any renewal option selected must result with a Balance Due Date equal to or greater than the Balance Due Date shown on the mortgage form;

b. The interest rate differential referred to in Subsection a. is the amount of money the lender requires, on the interest rate change date, to compensate the lender for the loss of interest income which results from a lower rate of interest on a replacing loan for the remainder of the original term. It is calculated after determining the difference between the rate of interest in this mortgage and the rate of interest for a replacing mortgage loan for the mortgage term the borrower selects.

6. RENEWAL

a. In the event that the lender agrees to renew or extend the term of this mortgage, such renewal or extension, including the interest rate, term, instalment payment and other stipulations of such renewal or extension, will be binding upon the borrower and all subsequent mortgages, encumbrances and other interests in or of the land subsequent to this mortgage ("Subsequent Encumbrances"), and will take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by notice at the applicable Land Registry Office and whether or not the interest rate payable or amortization period applicable during the renewal or extension term is greater than or less than the interest rate or amortization period stipulated in this mortgage. The borrower will, forthwith at the lender's request, provide to the lender, at the borrower's expense, all such postponements and other assurances as the lender may require to ensure the foregoing binding effect and priority.

b. All legal and administrative fees, expenses and costs related to renewals or extensions of this mortgage are payable by the borrower and they are secured by this mortgage.

7. PROMISES OF THE BORROWER

a. The borrower promises:

1) to at all times have good and valid title in fee simple to the land free of all encumbrances and claims other than those expressly permitted by the lender;

2) to comply with all the terms and conditions of any charge or encumbrance that ranks ahead of this mortgage;

3) to keep all buildings and improvements which form part of the land in good condition and to repair them as the lender reasonably requires;

4) to sign any other document that the lender reasonably requires to ensure that payment of the mortgage money is secured by this mortgage or by any other document the borrower has agreed to give as security;

5) not to do anything that has the effect of reducing the value of the land;

6) not to tear down any building or part of a building which forms part of the land without the written consent of the lender;

7) not to make any alteration or improvement to any building which forms part of the land without the written consent of the lender;

8) if the borrower has rented the land to a tenant, to keep, if the lender requires, records of all rents received and of all expenses paid by the borrower in connection with the land and, at least annually, have a statement of revenue and expenses for the land prepared by a professional accountant, if the lender requires, and to give a copy of the statement to the lender, if the lender requires the borrower to do so;

9)

a) to pay all taxes as they fall due,

b) to pay all utility and fuel charges related to the land when they are due,

c) to not allow the supply of utilities or fuel to be interrupted or discontinued, and

d) that if the supply of utilities or fuel is interrupted for any reason, to ensure that it is restored;

10) to pay all of the lender's administrative fees which it charges from time to time and all of the lender's expenses and costs, including legal fees, on a solicitor and client basis, including, and without limiting, all fees, expenses and costs to:

a) prepare and register this mortgage, including all necessary steps to advance and secure the mortgage money and to report to the lender,

b) collect the mortgage money,

c) enforce the terms of this mortgage, including efforts to compel the borrower to perform the borrower's promises and agreements,

d) do anything which the borrower has promised to do but has not done,

e) prepare and give the borrower a discharge of this mortgage when the borrower has paid all money due under this mortgage and the borrower wants it to be discharged, and

f) amend this mortgage;

11) to pay any money which, if not paid, would result in a default under any charge or encumbrance having priority over this mortgage or which might result in the sale of the land if not paid;

12) to pay and cause to be discharged any charges or encumbrances which are not permitted by the lender under this mortgage.

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13) to provide, at the lender's request, full particulars and supporting documentation pertaining to:

a) the borrower's status as a spouse as defined by Section 1(1) of the Family Law Act, R.S.O. 1990, as amended,

b) the name, address and birth date of the borrower's spouse and the authorization of the borrower's spouse to the Registrar under the Vital Statistics Act of Ontario to provide to the lender all information in its possession regarding the borrower's and the borrower's spouse's marriage, divorce or death,

c) the qualification of the land as a matrimonial home within the meaning of Part II of the Family Law Act, R.S.O. 1990, as amended,

d) the ownership of the land,

e) any change in the information disclosed to the lender in this Section.

14) to insure and keep insured against the risk of fire and other risks and hazards that the lender asks the borrower to insure against, with an insurance company licensed to do business in Ontario and which company the lender approves, all buildings and improvements on the land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;

15) to send a copy of each insurance policy and renewal certificate to the lender at the place of payment;

b. The insurance policy or policies required by Subsection a. 14) will contain a mortgage clause approved by the lender that states that payment of any loss will be made to the lender at the place of payment or any other place the lender requires and, if this mortgage is not a first mortgage, the amount of any payment made by the insurance company will be paid to the borrower's lenders in the order of their priorities. The borrower will, forthwith upon the happening of any loss or damage, furnish at its expense all necessary proofs and do all acts necessary to enable the lender to obtain payment of the insurance monies. Any insurance monies received by the lender may, at the option of the lender, be applied in whole or in part to: (i) repairing or rebuilding the land, (ii) the payment of all or any part of the mortgage money, whether or not then due or payable; and/or (iii) payment to the borrower.

c. The borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner.

d. The borrower declares to the lender that:

1) the borrower owns the land and has the right to mortgage the land to the lender;

2) the borrower's title to the land is subject only to:

a) those charges and encumbrances that are expressly permitted by the lender, and

b) any unregistered charges and encumbrances that the lender has agreed to in writing;

3) subject to Subsection 2), the borrower:

a) has not given any other charge or encumbrance against the land, and

b) has no knowledge of any other claim against the land; and

4) the borrower will not use the land or permit it to be used, without the lender's consent, for purposes other than those disclosed to the lender in the application for the mortgage loan.

e. If the borrower fails to perform any obligation under this mortgage, the lender may, in its absolute discretion, perform that obligation or retain agents to do so. If that obligation requires the payment of money or if the land is at any time subject to any lien or encumbrance, the lender may make payments and pay or arrange to discharge encumbrances, but is under no obligation to do so. The borrower will pay forthwith on demand to the lender all amounts paid by the lender in connection with the performance by the lender of the borrower's obligations and all fees, costs and expenses of the lender of every kind, together with interest from the date of payment by the lender at the greater of the interest rate on the mortgage or the annual prime rate quoted by the Bank of Montreal plus 3% per annum, calculated daily until paid in full. All such amounts outstanding will be secured by this mortgage. No performance or payment by the lender relieves the borrower from any default under this mortgage or any consequences of that default. If the lender makes any payment or performs any obligation on behalf of the borrower, the lender is entitled to all rights, equities and securities of the person paid or satisfied and the lender is entitled to rely upon any statement given by such person as to the amount due to him.

8. **AGREEMENTS BETWEEN THE BORROWER AND LENDER**

a. The lender may, at its option, allow the borrower to pay all taxes when they are due.

b. The lender may, at its option, elect to pay taxes in which case the following will apply:

1) the lender will pay the total amount of taxes on or before the due date, or if taxes are payable in instalments on or before the due date for payment of the first instalment;

2) the lender may deduct from the final advance of the principal amount, an amount sufficient to pay taxes which are due or will become due by the Interest Adjustment Date;

3) the lender may, at its option, if the lender has not received sufficient money to pay taxes as they become due, disburse monies to pay taxes and which disbursements are secured by this mortgage;

4) the borrower will pay to the lender in instalments, together with the instalment payment shown on the mortgage form, commencing on the First Payment Date, an amount which the lender estimates to be needed to enable it to pay taxes as set out in this Section;

5) the borrower will pay to the lender on demand, the amount, if any, by which actual taxes exceed the lender's estimates;

6) the lender will, using the balance in the tax account on the date the lender calculates the interest and principal portion of any instalment payment:

a) allow to the borrower interest on balances in the borrower's favour, at a rate of interest which the lender may determine from time to time, and which rate of interest will never be less than the prevailing rate of interest allowed by the chartered banks on personal savings accounts with chequing privileges, and

b) charge to the borrower interest on balances in the lender's favour, at the interest rate shown on the mortgage form;

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7) allowances or charges will not be made less frequently than once each year;

8) the lender will apply amounts received from the borrower for taxes, to pay taxes, as long as the borrower is not in default under this mortgage. If the borrower is in default under this mortgage, the lender may apply any balance in the borrower's favour, in any manner the lender thinks reasonable;

9) the borrower will forward to the lender, immediately upon receipt, the assessment notices, tax bills and other notices affecting the land. Any penalties which are levied against the land because of late payment of taxes are the borrower's responsibility, unless neglect on the lender's part is the reason for penalties;

10) the borrower is responsible for applying for all government grants, assistance and rebates in respect of taxes.

c. The lender may, at its option, discontinue paying taxes and require the borrower to pay all taxes when they are due.

d. If Subsections a. or c. apply, the borrower will provide the lender with the receipt of taxes of the municipality in which the land is located, within 30 days from the date of final payment for that year. Failure to provide the required receipt will entitle the lender to obtain evidence of payment from the municipality and any costs incurred are payable by the borrower and they are secured by this mortgage.

e. By this mortgage, the borrower grants and mortgages any additional or greater interest in the land that the borrower may later acquire.

f. Any money paid to the lender under this mortgage will:

1) prior to a default, be applied first in payment of taxes and mortgage life insurance, if applicable, secondly in payment of interest, thirdly in payment of the principal amount and fourthly in payment of all other money owed by the borrower under this mortgage, and

2) after a default, be applied in any manner the lender chooses.

g. The lender may at any reasonable time inspect the land and any buildings and improvements which form part of it.

h. If the lender takes possession of the land, the lender will not be responsible for maintaining and preserving the land and need only account to the borrower for any money which the lender actually receives in connection with this mortgage or the land.

i. The lender may spend money to perform any of the borrower's promises and agreements which the borrower has not performed and any money so spent will be added to the principal amount, bear interest from the date that the money was so spent in accordance with section 7e, and be immediately due and payable to the lender.

j. If the borrower wants to give any notice to the lender, the borrower must do so by having it delivered to the lender personally or by sending it by registered or certified mail to the lender mailing address or to any other address later specified in writing by the lender to the borrower.

k. If the lender wants to give any notice to the borrower, the lender must do so by having it delivered to the borrower personally or by sending it by registered or certified mail to the borrower's mailing address or to any other address later specified in writing by the borrower to the lender.

l. Any notice sent by mail is considered to have been received 5 days after it is mailed.

m. Any notice to be given by the borrower to the lender or vice versa during a mail strike or disruption must be delivered in person or by courier, at the expense of the sender, rather than sent by mail.

n. The borrower is not released from the borrower's promises and agreements only because the borrower sells the land.

o. If the borrower has mortgaged anything else to the lender better to secure payment of the mortgage money, the lender may take all lawful proceedings under any of the mortgages in any order that the lender chooses.

p. The lender does not have to advance or readvance the principal amount or the rest or any further part of the principal amount to the borrower unless the lender wants to, even though:

1) the borrower has signed this mortgage;

2) this mortgage is registered in the Land Registry Office; or

3) the lender has advanced to the borrower part of the principal amount.

q. The lender may deduct from any advance of the principal amount:

1) any liens against the land;

2) any reasonable fees, charges or expenses incurred in inspecting or in evaluating the land;

3) any discounts or bonuses on which the borrower and lender agree; and

4) any insurance premium and applicable taxes.

r. The lender's right of consolidation applies to this mortgage and to any other mortgages given by the borrower to the lender. This means that if the borrower has mortgaged other property to the lender, the borrower will not have the right, after default, to pay off this mortgage or any mortgage of other property unless the borrower pays the lender all money owed by the borrower under this mortgage and all of the mortgages of other property.

s. The lender may, at any time, release part of the land on payment of all or any part of the mortgage money.

t. The lender may, at any time, release, in whole or in part the borrower or any guarantor from any promise from any promise or agreement or other security, either with or without compensation, and the lender is not accountable for the value related to any release or for any money other than money actually received by the lender. After any release, the remaining land, promises and agreements and other securities remain charged with the entire mortgage money secured by this mortgage.

u. The lender may demand repayment of the remaining principal amount, for any of the reasons set out in Section 9.

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v. The lender may, at its option, allow the borrower to change the instalment payment frequency shown in the mortgage form by selecting a payment frequency that the lender is offering at the date of the borrower's selection, in which case the following will apply:

1) if the instalment payment frequency selected is weekly or bi-weekly, then the instalment payment day must be between Monday and Friday, inclusive;

2) the maximum amortization period allowable is the remaining equivalent monthly amortization period, at the effective date of any such change;

3) should default occur, the lender may, at its option, withdraw the borrower's privilege of using an instalment payment frequency other than monthly;

4) interest required to establish a revised instalment payment date resulting from an instalment payment frequency change, whether initiated by the borrower or by the lender, is payable by the borrower on or prior to the effective date of any such change;

5) the lender may, at its option, charge an administration fee to change the instalment payment frequency if the borrower requests the change at a time other than at the origination or renewal of this mortgage or at the date the borrower purchases the land.

w. The borrower understands and agrees that the borrower's acceptance of the lender's offer to provide mortgage financing is a separate and binding agreement and that it does not become part of this mortgage.

x. The borrower understands and agrees that:

1) if the borrower sells, conveys, transfers or enters into any agreement of sale or transfer of the lands covered by this mortgage; or

2) if a purchaser of the lands covered by this mortgage fails to apply for and receive the lender's written approval of the sale, conveyance or transfer;

then the mortgage money will become due and payable, together with any fees, charges and expenses, including any interest rate differential as described in Section 5.b. of this mortgage.

9. **DEFAULTS**

a. A default occurs under this mortgage if:

1) the borrower breaks any of the borrower's promises and agreements;

2) the borrower breaks any promise or agreement which the borrower has made to the lender in a mortgage of any other land or other property or in any other agreement the borrower has made with the lender even though the borrower may not have broken any of the borrower's promises and agreements in this mortgage;

3) the borrower does not pay any instalment payment on the instalment payment date;

4) the borrower or any guarantor becomes insolvent or commits an act of bankruptcy, a petition is filed or an assignment is made under any present or future bankruptcy or insolvency legislation against the borrower or a guarantor, or a receiver or receiver-manager of the borrower or any guarantor is appointed or a proposal is made to the creditors of the borrower or any guarantor under any such bankruptcy legislation or a borrower or guarantor is wound up, dissolved or liquidated or resolves to do so;

5) the land is abandoned or is left unoccupied for 30 or more consecutive days;

6) the land or any part of it is sold or expropriated;

7) the borrower gives another mortgage of the land to someone other than the lender without the prior written consent of the lender;

8) the borrower does not discharge any judgement registered in the Land Registry Office against the land within 30 days after receiving notice of its registration:

9) the borrower allows any construction lien or claim of builders lien to remain undischarged on title to the land for more than 30 days unless the borrower:

a) diligently disputes the validity of the claim by taking all necessary legal steps to do so,

b) gives reasonable security to the lender to pay the claim in full if it is found to be valid, and

c) authorizes the lender to use the security to pay the lien in full;

10) the borrower allows the land to deteriorate so as to reduce the value of the land;

11) the lender discovers that any information supplied to the lender in connection with the borrower's application for mortgage financing, or in response to conditions set out in the lender's offer to provide mortgage financing, is false or misleading in any material way.

b. If a default occurs under this mortgage, it will have the same effect as though a default had occurred under any other mortgage or agreement between the borrower and the lender.

10. **CONSEQUENCES OF A DEFAULT**

a. If a default occurs, all the mortgage money then owing to the lender will be, if the lender chooses, due and payable, including without limitation all of the lender's fees, costs and expenses.

b. If a cheque is returned by the borrower's bank on which a payment to be applied to his mortgage is drawn, the lender has the right to collect from the borrower all fees, expenses and costs incurred to compensate the lender for the returned cheque.

c. If a default occurs, the lender may, in any order that the lender chooses, do any one or more of the following:

1) demand payment of all the mortgage money;

2) sue the borrower for the amount of money due;

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3) take proceedings and any other legal steps to compel the borrower to keep the borrower's promises and agreements;

4) enter upon and take possession of the land;

5) sell the land and other property by public auction or private sale, or lease the land on terms decided by the lender:

a) on 35 days' notice to the borrower if the default has continued for 15 days, or

b) without notice to the borrower if the default has continued for 60 days or more;

6) exercise the rights set out in Subsection c. 5) without entering into possession of the land;

7) apply to the court for an order that the land be sold on terms approved by the court;

8) apply to the court to foreclose the borrower's interest in the land so that when the court makes its final order of foreclosure, the borrower's interest in the land will be absolutely vested in and belong to the lender;

9) appoint a receiver of the land;

10) enter upon and take possession of the land without the permission of anyone and make any arrangements the lender considers necessary to:

a) inspect, lease, collect rents or manage the land,

b) complete the construction of any building on the land, or

c) repair any building on the land;

11) take whatever action is necessary to take, recover and keep possession of the land.

d. Nothing in Subsection c. affects the jurisdiction of the court.

e. If the lender sells the land by public auction or by private sale, the lender will use the amount received from the sale to pay:

1) any real estate agent's commission;

2) all adjustments usually made on the sale of land;

3) all of the lender's fees, expenses and costs described in Subsection g., and

4) the mortgage money;

and will pay any surplus:

5) according to an order of the court if the land is sold by an order of the court, or

6) to the borrower if the land is sold other than by an order of the court.

f. If the money available to pay the mortgage money after payment of the commission, adjustments and expenses referred to in Subsection e. 1) to 3) is not sufficient to pay all the mortgage money, the borrower will pay to the lender on demand the amount of the deficiency.

g. The borrower will pay to the lender on demand, all fees, expenses and costs incurred by the lender in enforcing this mortgage. These expenses and costs include the lender's cost of taking and keeping possession of the land, the cost of the time and services of the lender or the lender's employees for so doing, the lender's legal fees and disbursements on a solicitor and client basis, unless the court allows legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by the lender to protect the lender's interest under this mortgage. These fees, expenses and costs will be added to the principal amount, be payable on demand and bear interest until they are fully paid.

h. If the lender obtains judgement against the borrower as a result of a default, the remedies described in Subsection c. may continue to be used by the lender to compel the borrower to perform the borrower's promises and agreements. The lender will continue to be entitled to receive interest on the mortgage money until the judgement is paid in full.

i. If the lender does not exercise any of the lender's rights on the happening of a default or does not ask the borrower to cure it, the lender is not prevented from later compelling the borrower to cure that default or exercising any of those rights in connection with that default or any later default of the same or any other kind.

j. Upon default of payment of any principal monies hereby secured at the time or times herein provided, the lender shall be entitled to require, in addition to all monies payable in accordance with this mortgage, a bonus equal to three (3) month's interest in advance on the said principal monies and the borrower shall not be entitled to require a discharge of this mortgage without such payment. Nothing herein contained shall effect or limit the right of the lender to recover by action or otherwise the principal money so in arrears after default has been made.

11. CONSTRUCTION OF BUILDINGS OR IMPROVEMENTS

a. The borrower will not construct, alter or add to any buildings or improvements on the land without the prior written consent of the lender, and then only in accordance with accepted construction standards, building codes and municipal or government requirements and plans and specifications approved by the lender.

b. If this mortgage is intended to finance any construction, alteration or addition, the lender may make advances of the principal amount to the borrower based on the progress of construction. The lender will decide whether or not any advances will be made, the amount of the advances, and when they will be made.

12. LEASEHOLD MORTGAGE

a. This section applies if the interest mortgaged shown on the mortgage form is or includes a leasehold interest.

b. The borrower represents to the lender that:

1) the lease is owned by the borrower subject only to those charges and encumbrances that are registered in the Land Registry Office at the time the borrower signed the mortgage form;

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2) the lease is in good standing;

3) the borrower has complied with all the borrower's promises and agreements contained in the lease;

4) the borrower has paid all rent that is due and payable under the lease;

5) the lease is not in default; and

6) the borrower has the right to mortgage the lease to the lender.

c. The borrower will:

1) comply with the lease and not do anything that would cause the lease to be terminated;

2) immediately give to the lender a copy of any notice or request received from the landlord;

3) immediately notify the lender if the landlord advises the borrower of the landlord's intention to terminate the lease before the term expires; and

4) sign any other document the lender requires to ensure that any greater interest in the land that is acquired by the borrower is charged by this mortgage.

d. Any default under the lease is a default under this mortgage.

e. The borrower promises the lender that the borrower will not, without first obtaining the written consent of the lender:

1) surrender or terminate the lease; or

2) agree to change the terms of the lease.

f. The lender may perform any promise or agreement of the borrower under the lease.

g. Nothing done by the lender under this Section will make the lender a mortgagee in possession.

13. **RECEIVER**

a. The borrower appoints both the lender and any agent of the lender as the borrower's attorney to appoint a receiver of the land.

b. The lender or the lender's agent may, if any default happens, appoint a receiver of the land and the receiver:

1) will be the borrower's agent and the borrower will be solely responsible for the receiver's acts or omissions;

2) has power, either in the borrower's name or in the name of the lender, to demand, recover and receive income from the land and start and carry on any action or court proceeding to collect that income;

3) may give receipts for income which the receiver receives;

4) may carry on any business which the borrower conducted on the land;

5) may lease or sublease the land or any part of it on terms and conditions that the receiver chooses;

6) may complete the construction of or the repair of any building or improvement on the land;

7) may take possession of all or part of the land;

8) may manage the land and maintain it in good condition;

9) has the power to perform, in whole or in part, the borrower's promises and agreements; and

10) has the power to do anything that, in the receiver's opinion, will maintain and preserve the land or will increase or preserve the value or income potential of the land or the borrower's business on the land.

c. From income received, the receiver may do any of the following in any order the receiver chooses:

1) retain a commission of 5% of the gross income or any higher commission approved by the court;

2) retain enough money to pay or to recover the cost to collect the income and to cover other disbursements;

3) pay all taxes and the cost of maintaining the land in good repair, completing the construction of any building or improvement on the land, supplying goods, utilities and services to the land and taking steps to preserve the land from damage by weather, vandalism or any other cause;

4) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over this mortgage or that might result in the sale of the land if not paid;

5) pay taxes in connection with anything the receiver is entitled to do under this mortgage;

6) pay interest to the lender that is due and payable;

7) pay all or part of the principal amount to the lender whether or not it is due and payable;

8) pay any other money owed by the borrower under this mortgage;

9) pay insurance premiums.

d. The receiver may borrow money for the purpose of doing anything the receiver is authorized to do.

e. Any money borrowed by the receiver, and any interest charged on that money and all the costs of borrowing, will be added to and be part of the mortgage money.

f. A receiver appointed by the lender may be removed by the lender and the lender may appoint another in the receiver's place.

g. The commission and disbursements of the receiver will be a charge on the land and will bear interest at the interest rate.

h. Nothing done by the receiver under this Section will make the lender a mortgagee in possession.

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14. CONDOMINIUM PROVISIONS

a. This Section applies if the land described in the mortgage form is or becomes a condominium unit which is a part of a condominium property and the Condominium Act, R.S.O. 1980, as amended, and definitions in that Act will apply, as well as this Section.

b. The borrower promises the lender that:

1) the borrower will fulfill all the borrower's obligations as a condominium unit owner under the Condominium Act and the bylaws, rules and regulations of the Condominium Corporation and will pay all money owed by the borrower to the Condominium Corporation;

2) the borrower's breach of any of the borrower's obligations as a condominium unit owner will constitute a breach of the borrower's obligations under this mortgage;

3) the borrower has the right to exercise the borrower's rights as an owner of the land, to vote or to consent in all matters relating to the Condominium Corporation provided that,

a) the lender may, at any time or from time to time, give written notice to the borrower and to the Condominimum Corporation that the lender intends to exercise its right to vote or to consent and in that event, until the lender revokes its notice, the borrower may not exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter,

b) the lender's exercising of the right to vote or to consent will not make the lender a mortgagee in possession;

4) at the request of the lender, the borrower will give the lender copies of all notices, financial statements, proof of payment of common expenses, and other documents given by the Condominium Corporation to the borrower;

5) the borrower will insure all improvements to the condominium unit and should the Condominium Corporation fail to insure the land as required, the borrower will insure common and other interests in the land or assets of the Condominium Corporation;

6) the borrower appoints the lender to be the borrower's agent to inspect or to obtain copies of any records or other documents of the Condominium Corporation that the borrower is entitled to inspect or to obtain;

7) if the Condominium Corporation transfers, charges or adds to the common property, or amends the bylaws without the consent of the lender, and if, in the lender's opinion, the value of the land is reduced, the mortgage money will be, at the lender's option, due and payable to the lender on demand.

15. SUBDIVISION

a. If the land is subdivided:

1) this mortgage will charge each subdivided lot as security for payment of all the mortgage money; and

2) the lender is not required to discharge this mortgage as a charge on any of the subdivided lots unless all the mortgage money is paid.

b. Even though the lender is not required to discharge any subdivided lot from this mortgage, the lender may agree to do so in return for payment of all or a part of the mortgage money. If the lender discharges a subdivided lot, this mortgage will continue to charge the subdivided lot or lots that have not been discharged.

16. GUARANTOR'S PROMISES AND AGREEMENTS

Each guarantor, in consideration of the lender making the loan to the borrower intended to be secured by this mortgage, by signing this mortgage:

a. in addition to its obligations under sub-paragraphs (b) and (c), agrees to be liable with the borrower as principal debtor and not as surety for the due payment of the mortgage money, at the times and in the manner provided for in this mortgage;

b. in addition to its obligations under sub-paragraphs (a) and (c), unconditionally guarantees full performance and discharge by the borrower of all of the obligations of the borrower under this mortgage at the times and in the manner provided for in this mortgage;

c. in addition to its obligations under sub-paragraphs (a) and (b), will indemnify and save the lender harmless from and against all losses, damages, costs and expenses which the lender may sustain, incur or be or become liable for in respect of the loan secured by this mortgage, including:

1) the failure, for any reason, of the borrower to pay the mortgage money or to do any other act, matter or thing pursuant to the provisions of this mortgage; and

2) any act, action or proceeding of or by the lender for or in connection with the recovery of the mortgage money or any part thereof or obtaining performance by the borrower or any other person of any other act, matter or thing pursuant to the provisions of this mortgage;

d. agrees that the lender may, at any time and without notice to, or consent or concurrence by any guarantor, renew the mortgage on the same or different terms, make any settlement, compromise, composition, extension, alteration or variation in the terms of the mortgage, including any increase in the interest rate or principal amount secured by this mortgage, or take, release or surrender any security, or otherwise deal with the borrower and that no such dealing by the lender nor any carelessness or neglect by the lender in asserting its rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, failure to register or perfect any security, the loss by operation of law of any right of the lender against the borrower or any other person or the loss or destruction of any security nor any dissolution, winding up, receivership, insolvency of the borrower or any other guarantor or person in any way releases or diminishes the liability of the guarantor under this mortgage;

e. agrees that the lender will not be obliged to proceed against the borrower or any other person or to enforce or exhaust any security before proceeding to enforce the obligations of any guarantor set out in this mortgage, and that enforcement of those obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the borrower or the enforcement of any security for that debt or obligation; and

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f. agrees with the lender to be jointly and severally liable under this mortgage with the borrower and all other guarantors.

Each guarantor's obligations will be binding upon the guarantor's successors, assigns, personal representatives and administrators.

17. **GENERAL**

a. This mortgage binds the borrower and the guarantor and their successors, executors, administrators and assigns.

b. Each person who signs this mortgage as a borrower is jointly and severally liable for all of the borrower's promises and agreements as though each such borrower had been the only borrower to sign.

c. If any part of this mortgage is not enforceable, all other parts will remain in effect and be enforceable against the borrower and any guarantor.

d. The implied covenants deemed to be included in this mortgage by clauses 7 (1) 1. iii and 7 (1) 2. of the Land Registration Reform Act, 1984 are varied by deleting the words "except as the records of the land registry office disclose" and substituting the words "except for encumbrances expressly permitted by the lender". The implied covenant deemed to be included in this mortgage by clause 7 (1) 1. vii. of the Land Registration Reform Act, 1984 is varied to provide that "the borrower or the borrower's successors will, before and after default, execute and deliver such further assurances of the land and do such other acts, at the borrower's expense, as may be required by the lender". The implied covenants deemed to be included in this mortgage under sub-section 7 (1) of the Land Registration Reform Act, 1984, as amended by this section, are in addition to and will not be interpreted to supersede or replace any of the covenants contained in this mortgage which are covenants by the borrower, for it and its successors, executors, heirs, administrators and assigns. If there is a conflict between any of the covenants implied by the Land Registration Reform Act, 1984, and any term contained in this mortgage, the term contained in this mortgage prevails.

e. Notwithstanding the registration of this mortgage and the advance of funds pursuant to this mortgage, the terms and/or conditions of any letter of commitment pertaining to the loan transaction evidenced by this mortgage will remain binding and effective on the parties hereto and will not merge in this mortgage nor in any document executed and/or delivered on closing of this transaction, and the terms thereof are incorporated in this mortgage by reference. In the event of any inconsistency between the terms of any such letter of commitment and this mortgage, this mortgage will prevail.

f. The Section headings in this mortgage are provided for ease of reference and do not form part of this mortgage.

g. Any agreement in writing between the borrower and the lender altering the terms of this mortgage in any way, including altering the payment of the unpaid mortgage money, the term or the interest rate (whether increased or decreased) need not be registered in any land registry office, but is effectual and binding on the land and upon the borrower, the lender and upon any subsequent chargee, encumbrancer, transferee of the land, or any part thereof, or other person claiming an interest in the land, as if the agreement had been registered prior to their obtaining any interest in the land. This mortgage will be effective whether or not the whole or any portion of the principal amount is advanced before, after or on the date of execution of this mortgage. This mortgage secures the mortgage money and any portion of the principal amount may be advanced or readvanced by the lender in one or more sums on any future dates and the amount of those advances and readvances when made will be secured by this mortgage and be repayable with interest. If the whole or any part of the principal amount or other amount secured hereby is repaid, until the lender has executed and delivered to the borrower a registrable discharge of this mortgage, this mortgage remains valid security for any subsequent advance or readvance by the lender to the borrower to the same extent as if that advance or readvance had been made on the date of execution of this mortgage. Nothing in this paragraph obliges the lender to make a further advance or readvance.

END OF SET

Dated the 1st day of August, 19 11

Anthony J. Giovinazzo
Manager, Residential Mortgage Portfolios
I HAVE THE AUTORITY TO BIND THE CORPORATION

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9917 Date

President's Choice FINANCIAL

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 9918 Cote
Filing Date 16 DEC. 1999 Date de Dépôt
Page 1 of/de 8 (EIGHT) Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT, 1990
SET OF STANDARD CHARGE TERMS NO. _____
CANADIAN IMPERIAL BANK OF COMMERCE
CONSUMER GENERAL COLLATERAL CHARGE/MORTGAGE

Filed by: Canadian Imperial Bank of Commerce

Filing No.: _____ Filing Date: December 16th, 1999

The following standard charge terms shall be deemed to be included in every charge which refers to this set of standard charge terms by its filing number, as provided in section 9 of the Act.

In this set of standard charge terms, the words "you" and "your" refer to the person or persons who sign the Registration Document, and "we, "our" and "us" refer to Canadian Imperial Bank of Commerce. All other capitalized terms are defined in section 17.

1. WHAT IS SECURED

This Mortgage secures your payment to us of the Indebtedness and your performance of your other obligations to us under this Mortgage and the Agreements. The giving to us of this Mortgage does not change or affect the interest rate set out in any of the Agreements and the interest rate you will pay on any part of the Indebtedness will be the interest rate set out in the Agreement which relates to that part of the Indebtedness. Furthermore the giving to us of this Mortgage does not affect any of the other terms of the Agreements.

2. MAXIMUM AMOUNT SECURED

The maximum amount secured under this Mortgage is the Amount Secured, even if the Indebtedness exceeds that amount.

3. PAYMENT PROVISIONS

(a) Prepayment

You may prepay the Indebtedness, in whole or in part, only if you are specifically permitted to do so under the Agreement which relates to that part of the Indebtedness you wish to prepay. If this Mortgage is insured by the Canada Mortgage and Housing Corporation ("CMHC") and you are not in default under this Mortgage, you have the following prepayment rights:

(i) If the Mortgage is for a term greater than three years and the Property is not a "rental housing project" as defined in the *National Housing Act*, you may prepay the principal amount of the Mortgage at any time after the end of the third year of the term, upon payment to us of the outstanding Indebtedness and interest to the date of payment plus three months' interest at the Interest Rate on the Indebtedness;

(ii) If this Mortgage is for a term of greater than five years and you are not a corporation, or if this is a CMHC insured mortgage which covers a "rental housing project" as defined in the *National Housing Act*, you may prepay the Indebtedness at any time after the end of the fifth year of the term, upon payment to us of the outstanding Indebtedness and interest to the date of payment plus three months' interest at the Interest Rate on the Indebtedness;

(iii) If any prepayment is made, it will reduce the amount you owe us and no interest will be charged on the prepaid amount after the date it is made but the prepayment will not change the amount of your regular payments; that amount must still be paid on the regular payment dates (including those in the month in which the prepayment is made) until the Indebtedness has been paid in full; and

(iv) If the Property contains more than four living units or if the Property is used in whole or in part for commercial, industrial or other non-residential purposes, you have no right to prepay this Mortgage.

(b) Our Right to Use Monies Received

We may apply any money that we receive from you towards any part of the Indebtedness as we see fit (unless you and we sign an agreement to the contrary). If the Indebtedness exceeds the Amount Secured, it is our decision as to what part of the Indebtedness is secured by this Mortgage. Your giving us this Mortgage does not prevent us from using any other means to obtain repayment of the Indebtedness.

(c) Demand

We will not demand repayment of the Amount Secured, in whole or in part, unless an Event of Default has occurred or we are permitted to do so under any of the Agreements.

If we make demand for payment, the demand will be made either by delivering demand to you personally or mailing it (by first class mail) to what our records show to be your most recent address. YOU WILL BE CONSIDERED TO HAVE RECEIVED OUR DEMAND ON THE DATE OF DELIVERY IF WE DELIVER IT PERSONALLY OR THE FIFTH DAY AFTER MAILING, IF WE MAIL THE DEMAND.

4. DETERMINATION OF THE COMPONENTS OF MORTGAGE PAYMENTS

While the amount of each regular mortgage payment (excluding any amount payable in respect of taxes and life insurance) to be paid by you under the Mortgage is fixed under the terms of the Mortgage, the amount of the interest and principal components of each regular payment may vary if and as the interest rate applicable to such payment varies. The following provides a method whereby you may calculate the portion of each regular payment which will be applied to the payment of interest or deferred interest or in reduction of the principal amount:

METHOD OF CALCULATION

1. Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the Interest Adjustment Date) and excluding the date on which the regular, Mortgage payment is being paid.

2. (a) Determine, for each different current interest rate chargeable during the payment period, the number of days on which such current interest rate was chargeable. Apply the following formula, for each such current rate, in order to determine the amount of interest which accrued on the principal amount in the payment period for each current interest rate:

$$\text{Principal amount owing after immediately preceding payment} \times \text{current interest rate} \times \frac{\text{Number of days during payment period on which such current interest rate was chargeable}}{\text{Number of days in the year}}$$

(If the calculation is made in respect of the first regular payment the principal amount used in the formula will be the principal amount owing on the Interest Adjustment Date.) Add each of the interest components calculated in accordance with this formula in order to determine the total amount of interest which accrued on the principal amount during the period.

(b) The same procedure is followed to determine the total amount of interest which accrued on any deferred interest during the period, except that, in the formula, the deferred interest owing after the immediately preceding payment is used instead of the principal amount then owing. The total amount of interest accrued on the deferred interest during the period is then added to the deferred interest which was owing after the immediately preceding regular Mortgage payment in order to determine the deferred interest outstanding on the payment date.

(c) The regular Mortgage payment is applied as follows:

(i) collection expenses, if any;
(ii) life insurance premiums, if any;
(iii) escrow accounts;
(iv) total amount of interest which accrued on the principal during the period; and
(v) reduction of the principal amount.

EXAMPLE

1. The following example indicates how these calculations are carried out in practice. In this example, assume the following information:

(a) the principal amount owing after the immediately preceding regular payment - $50,000.00;
(b) the amount of deferred interest owing after the immediately preceding regular payment - $40.00;
(c) current interest rate during the payment period – 20%;
(d) the amount of the regular mortgage payment - $1,050.00;
(e) number of days in the payment period – 28.

2. (a) Use the formula set out above to determine the interest which accrued on the principal amount during the period:

$$\$50{,}000.00 \times \frac{20}{100} \times \frac{28}{365} = \$767.12$$

(b) Use the formula to determine the interest which accrued on the deferred interest during the period:

$$\$40 \times \frac{20}{100} \times \frac{28}{365} = \$0.61$$

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Add this amount to the deferred interest owing after the immediately preceding regular Mortgage payment to determine the deferred interest outstanding on the regular Mortgage payment date - $40.00 + $0.61 = $40.61.

(c) Apply the regular Mortgage payment ($1,050.00) to collection expenses (assume $45.00), life insurance premiums (assume $80.00), tax account (assume $100.00), then to the total amount of interest which accrued on the principal during the period ($767.12) leaving a balance of $57.88. Apply this balance to reduction of the principal amount. You may pay any outstanding interest in arrears/deferred interest by separate payment.

5. CONTINUING SECURITY

This Mortgage is continuing security for your obligations to us under this Mortgage and the Agreements. This Mortgage is not affected by any changes in the amount, nature or form of the Indebtedness, or any changes in any accounts relating to the Indebtedness or any changes in the Agreements. This Mortgage will continue to be a charge against the Property even if the Indebtedness is reduced to zero at any particular time. This Mortgage will not be considered to have been discharged or redeemed as a result of any the events listed in this section.

6. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES

We may for any reason decide not to advance any money (or any more money) under this Mortgage.

7. ADDITIONAL SECURITY AND JUDGMENTS

(a) No Effect on Other Security We Hold

This Mortgage is in addition to and does not replace any other security that we may hold against you (now or later) for any of the Indebtedness.

(b) Effect of Judgments

If we obtain judgment against you, we will be able to rely upon our rights under both the judgment and this Mortgage. The judgment will not affect any other security we may have against you. We will be entitled to interest on any judgment at the Interest Rate until we are fully paid.

8. CHANGING OR EXTENDING THIS MORTGAGE

(a) Changes to Mortgage to be in Writing

You and we may at any time agree in writing to extend the time for payment of all or any part of the Amount Secured, to change the Interest Rate, and to amend any of the other terms of this Mortgage.

(b) Delay of Enforcement or Waiver or Breach

If we delay in enforcing any of our rights under this Mortgage, it will not affect our other rights under this Mortgage or any of the Agreements. We may waive any breach of your obligations without affecting our rights in connection with any other breach. Any waiver of our rights must be signed by one of our officers.

9. WHAT WE RELY ON

You certify to us that:

(a) you are the lawful owner(s) of the Property and that you own it outright (that is, you have a good and marketable title in fee simple) free of any Liens or claims except the ones you have told us about;

(b) you have the right to sign this Mortgage and charge the Property;

(c) you will sign any document and do any other thing at your expense that we consider appropriate or necessary in connection with the Property or this Mortgage; and

(d) to the best of your knowledge and belief, (i) no part of the Property or any adjoining land has been or is being used for the manufacture, treatment, storage, disposal or other dealing with any hazardous substances (including, among other things, asbestos and urea formaldehyde insulation) except in compliance with all applicable laws, and (ii) no part of the Property has contained or now contains any hazardous substances.

10. THE PROPERTY

(a) Insuring the Property

Until this Mortgage has been discharged, you will keep the Property insured in an amount not less than the full replacement value (in Canadian dollars) of the Property. The risks against which you must insure include loss or damage by fire, with extended perils coverage, and for such other risks as we may reasonably request. All insurance policies must be with a company approved by us and contain a clause stating that any loss proceeds shall be payable to us, as our interest may appear on the insurance policy. Upon our request you must deliver to us certified copies of your insurance policies. At least 15 days before any insurance policy expires you must deliver to us evidence of the renewal of your insurance.

If you do not comply with these insurance requirements, we may (but do not have to), insure the Property and the cost of the premiums will be immediately payable by you or added to the Indebtedness and bear interest at the Interest Rate.

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If any loss or damage occurs you will immediately, at your own cost, do everything necessary to allow us to obtain the proceeds from your insurance policies. Production of this Mortgage will be sufficient authority for your insurer to make any loss proceeds payable to us. We may, at our option, use the monies received to: (ii) repair or rebuild the Property; (ii) pay them to you; or, (iii) apply them to the Indebtedness whether or not it is then due.

(b) Repair and Inspection

The Property will be kept in good repair by you and you will not make any major changes to the Property without our prior written consent. If we have reason to believe that you are not complying with the terms of this Mortgage, we may enter the Property and may (but do not have to) make and pay for any reasonable repairs. Except in situations described in the following paragraph, we will not enter the Property without providing at least 24 hours notice to you. The cost of any repairs we make will be added to the Indebtedness.

If we, CMHC (if this is a CMHC insured Mortgage), or our respective agents have any reason to believe that the Property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC or our respective agents may, at any time, before or after default, enter and inspect your property with or without notice and conduct any environmental testing, site assessment, investigation or study as we or CMHC consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the Interest Rate, will be immediately payable by you and shall form part of the Indebtedness. We, CMHC and our agents will not become a mortgagee in possession, management or control by exercising these rights.

(c) Improving the Property

You will not make any improvements to the Property (such as renovations, repairs, rebuilding, installation, etc.) unless you have given us all proposed plans and specifications and we have given you our prior written consent. Any improvements to the Property will be automatically charged by this Mortgage.

If we have approved the improvements, you will complete the improvements in accordance with all plans and specifications that you provide to us and with all applicable laws, as quickly as possible. You will pay for the improvements as required, and give us proof of payment if we ask for it.

(d) Liens and Taxes

You will pay all taxes, Liens and other claims relating to the Property when due. If you do not, we may (but do not have to) pay them for you and add those amounts to the Indebtedness.

(e) Subdividing the Property

If the Property is divided into two or more separate parts, each part will continue to be subject to the Mortgage for the full amount of the Indebtedness unless the Amount Secured is less that the Indebtedness in which case each part will be subject to this Mortgage in the Amount Secured.

(f) Selling the Property

If you sell or transfer the Property then, at our option, you will immediately pay to us the Amount Secured even if one or more of the Agreements do not contemplate immediate payment. If we do not require such payment, our rights against you or anyone else who is liable are not affected.

11. CONDOMINIUM PROVISIONS

If the Property includes a condominium unit these provisions apply:

(a) This Mortgage is made under the Condominium Act. You will comply at all times with the Condominium Act, the Declaration and the by-laws, rules and regulations of the Condominium Corporation.

(b) You will pay, when due, all amounts (including common expenses) which you are required to pay in connection with the Property. You will provide us with proof of such payments if we ask. If you do not make any required payment, we may make (but do not have to) that payment and the cost will be added to the Indebtedness.

(c) With respect to insurance, the provisions of section 10(a) shall not apply. They are replaced by the following.

You and the Condominium Corporation, or both, shall insure the Property and any interests attached to or benefiting the Property, as well as every other building which may be later constructed on the Property both during construction and after; as well as all improvements that you have made to the Property, in an amount not less than their full replacement value (in Canadian dollars), against loss or damage by fire, with extended perils coverage, and for such other risks as we may reasonably request. All insurance policies must be with a company approved by us. You and the Condominium Corporation both assign and transfer to us the policy or policies of insurance. You must, if we ask, give us certified copies of all insurance policies. If you or the Condominium Corporation fail: (i) to keep the Property, buildings and the improvements insured; (ii) to deliver to us copies of all insurance policies; or, (iii) to provide us with at least 15 days notice of the termination of any insurance or evidence of any renewal; we may (but do not have to) insure the Property, buildings and improvements and the costs of all premiums for doing so will be immediately payable by you or added to the Indebtedness and bear interest at the Interest Rate. If any loss or damage occurs, you will immediately, at your own expense, do everything necessary to allow us to obtain the proceeds from all insurance policies. We may, as may be permitted by law, at our option, use the monies to: (i) repair or rebuild the Property; (ii) pay them to you; or (iii) apply them to the Indebtedness whether or not it is then due.

The obligation to insure may be performed by the Condominium Corporation and the proceeds of insurance may be payable in accordance with the Declaration and by-laws of the Condominium Corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the Declaration and by-laws and that, as a member of the Condominium Corporation, you will insist that the Condominium Corporation fully complies with these terms.

12. YOU WILL PAY OUR EXPENSES

You will immediately repay to us all amounts we pay on your behalf under this Mortgage and all expenses, including legal fees (on a solicitor and client basis), paid by us to:

(a) prepare, sign and register this Mortgage and any other documents; and

(b) inspect, protect, repair, insure, take and keep possession of the Property, prepare the Property for sale or lease, sell or lease the Property, and any other expenses of exercising or protecting our rights.

You will pay interest, at the Interest Rate, on such amounts and expenses from the date they are paid by us until you repay them.

13. DEFAULT

The Amount Secured will become immediately payable if any of the following happens (each an "Event of Default"):

(a) you do not pay when due any part of the Indebtedness;

(b) you do not observe or perform any provision or obligation contained in this Mortgage or any of the Agreements;

(c) you do not pay when due any indebtedness for money borrowed from anyone other than us;

(d) any statement that you have made or given to us both now or later relating to the Property, this Mortgage, the Indebtedness or your financial situation was or is untrue at the time it was or is made;

(e) any Lien or notice of Lien is registered against the Property without our prior written consent;

(f) you sell, transfer, lease or otherwise deal with the Property or allow the Property to remain or become vacant, or the Property ceases to be used as a residential home (in whole or in part) occupied by you without our prior written consent;

(g) if the Property is a condominium unit,

(i) the Condominium Corporation control over the assets that include the Property is terminated, or any of such assets or the common elements is expropriated;

(ii) the Condominium Corporation votes to sell or lease all or substantially all of its property or assets, or its common elements;

(iii) the Condominium Corporation does not comply with any applicable legal requirement; or

(iv) the Condominium Corporation does not properly insure the condominium units and the common elements;

(h) you make an assignment in favour of your creditors, or proceedings are brought to declare you bankrupt, or you declare bankruptcy or you make a proposal in bankruptcy; or

(i) power of sale or foreclosure proceedings are brought against the Property, or the Property is expropriated.

Our right to demand immediate payment is in addition to our other rights under this Mortgage and otherwise. Our demand for immediate payment does not affect our right to make demand in any other circumstance.

14. WHAT WE CAN DO IF YOU DEFAULT

If any Event of Default occurs, we may from time to time, in any order and any lawful way, and after giving any notice required by law or obtaining any necessary court approval, do any one or more of the following:

(a) sue you for all or part of the Indebtedness;

(b) go to court to foreclose your interest in the Property, to take possession of it and/or to sell, lease or otherwise deal with it;

(c) to enter on and take possession of the Property and/or to lease the Property,

(d) upon 35 days' notice to you, to sell the Property; or

(e) exercise any or other right or rights we may have.

We will not be considered to be a mortgagee in possession unless we actually take possession of the Property.

Any sale under this Mortgage may be for cash or credit (or partly cash and partly credit), by tender, private sale or public auction, with or without a reserve bid, with or without advertisement and at any time and on such terms as we consider reasonable.

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We will be accountable for proceeds of sale or rent only when we have actually received them.

We may apply the net proceeds of any lease or sale to any part of the Indebtedness at our discretion, and you will pay us any part of the Indebtedness remaining unpaid.

We may cancel or amend any contract of sale or lease and sell or lease again, or adjourn any such sale from time to time, all as we think reasonable, without being responsible for any resulting loss.

You will not make any claims against the purchaser or lessee of the Property (or their successors in title) concerning the validity, legality, regularity or propriety of the sale or lease. Your only claim will be against us, and will be a claim for damages only.

We may lease or sell the Property without actually entering into possession. While in possession, we will only be accountable for money actually received.

We may from time to time sell parts of the Property to satisfy any part of the Indebtedness. The balance of the Indebtedness will be secured by this Mortgage on the remainder of the Property which we have not sold.

Neither you (nor anyone claiming an interest in the Property through you) will interfere with our possession of the Property obtained under this Mortgage, nor with the possession of any one to whom the Property is sold or leased by us under this Mortgage.

You assign to us all rents from the Property, but you may continue to collect them until there is an Event of Default.

15. DISCHARGING THIS MORTGAGE

After you have paid all the Amount Secured and performed all your obligations under this Mortgage and the Agreements, you may request, in writing, that we provide you with a discharge of this Mortgage prepared at your expense you will pay our usual administration fee for preparing, reviewing and/or signing any such discharge as well as our legal and other expenses, regardless of whose lawyer prepares it. It is your responsibility to register the discharge on title and to pay the registration fee.

16. • MORE LEGAL STUFF

All CMHC insured mortgages are made pursuant to the *National Housing Act*.

The covenants deemed to be included in a charge by section 7(1) of the Act are excluded from this Mortgage.

If more than one person signs the Registration Document, each is separately liable and all are jointly liable under it.

The words "you" and "we" include your and our respective heirs, executors, successors and assigns.

17. DEFINITIONS

In this set of standard charge terms:

"Act" means the *Land Registration Reform Act, 1990* (Ontario), as amended or replaced from time to time.

"Agreements" means any and all present and future agreements, notes and other documents between you and us which relate to the Indebtedness.

"Amount Secured" means the total of (i) the Principal Amount, (ii) interest on the Principal Amount at the Interest Rate, (iii) interest on unpaid interest and unpaid Costs at the Interest Rate, and (iv) Costs.

"Condominium Act" means the *Condominium Act* (Ontario), as amended or replaced from time to time.

"Condominium Corporation" means the condominium corporation created by the registration under the Condominium Act of a Declaration in respect of the Property.

"Costs" means all amounts (other than the Principal Amount and interest) that you must pay under this Mortgage and includes interest at the Interest Rate on such amounts.

"Declaration" means the declaration (as amended or replaced from time to time) which together with a description, was registered under the Condominium. Act to create the Condominium Corporation.

"Event of Default" has the meaning given to it in section 13 of this set of standard charge terms.

"Indebtedness" means the amount you owe us and includes all your present and future indebtedness and liability to us under or in connection with one or more of the Agreements and this Mortgage.

"Interest Adjustment Date" means the interest adjustment date specified in the Registration Document. However, if this Mortgage is CMHC insured, the definition of interest adjustment date in section 36(1) of the *National Housing Loan Regulations* will apply.

"Interest Rate" means the interest rate specified in the Registration Document.

"Lien" means any mortgage, charge, lien, assignment, security interest, execution, attachment or other encumbrance (whether given by statute or otherwise).

"Mortgage" means the Registration Document and this set of standard charge terms.

"Principal Amount" means the principal amount specified as such in the Registration Document.

"Property" means the land described in the Registration Document, as well as all buildings and fixtures that are now or may in the future be attached to such land, and if the property is a condominium unit, "Property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to the "Property" mean all or any part of it.

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"Registration Document" means: for the non-electronic paper based registration system the Form 2 Charge/Mortgage of Land that you sign to give this Mortgage, and any schedules attached to it; or, for the electronic registration system the charge prepared in an electronic registered format and registered electronically pursuant to the provisions of Part III of the Act.

18. EQUIVALENT INTEREST RATES

The information in Appendix 1 to this set of standard charge terms provided to you since the Interest Rate charged under this Mortgage or the interest rate charged under any of the Agreements may be expressed other than as a semi-annual calculation and/or may be expected to change from time to time. For each current mortgage rate calculated monthly not in advance, the adjacent column provides the equivalent interest rate calculated half-yearly not in advance.

Dated the 16th day of December, 1999

CANADIAN IMPERIAL BANK OF COMMERCE

By: [signature]
Name: Business Integrator Clerk PCF
Title:

By: _____
Name:
Title:

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APPENDIX 1

EQUIVALENT INTEREST RATES

Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)
3.000	3.019	**11.000**	11.255	**19.000**	19.768
3.125	3.145	11.125	11.386	19.125	19.903
3.250	3.272	11.250	11.517	19.250	20.039
3.375	3.399	11.375	11.648	19.375	20.174
3.500	3.526	11.500	11.779	19.500	20.310
3.625	3.652	11.625	11.910	19.625	20.445
3.750	3.779	11.750	12.041	19.750	20.581
3.875	3.906	11.875	12.173	19.875	20.716
4.000	4.033	**12.000**	12.304	**20.000**	20.852
4.125	4.166	12.125	12.435	20.125	20.988
4.250	4.288	12.250	12.567	20.250	21.124
4.375	4.415	12.375	12.698	20.375	21.260
4.500	4.542	12.500	12.830	20.5M	21.396
4.625	4.670	12.625	12.962	20.625	21.532
4.750	4.797	12.750	13.094	20.750	21.668
4.875	4.925	12.875	13.225	20.875	21.804
5.000	5.052	**13.000**	13.357	**21.000**	21.940
5.125	5.180	13.125	13.489	21.125	22.077
5.250	5.308	13.250	13.621	21.250	22.213
5.375	5.436	13.375	13.753	21.375	22.350
5.500	5.563	13.500	13.885	21.500	22.486
5.625	5.691	13.625	14.018	21.625	22.623
5.750	5.819	13.750	14.150	21.750	22.760
5.875	5.947	13.875	14.282	21.875	22.896
6.000	6.076	**14.000**	14.415	**22.000**	23.033
6.125	6.204	14.125	14.547	22.125	23.170
6.250	6.332	14.250	14.680	22.250	23.307
6.375	6.460	14.375	14.812	22.375	23.444
6.500	6.589	14.500	14.945	22.500	23.581
6.625	6.717	14.625	15.078	22.625	23.719
6.750	6.846	14.750	15.211	22.750	23.856
6.875	6.974	14.875	15.344	22.875	23.993
7.000	7.103	**15.000**	15.477	**23.000**	24.131
7.125	7.232	15.125	15.610	23.125	24.268
7.250	7.360	15.250	15.743	23.250,	24.406
7.375	7.489	15.375	15.876	23.375	24.543
7.500	7.618	15.500	16.009	23.500	24.681
7.625	7.747	15.625	16.143	23.625	24.819
7.750	7.876	15.750	16.276	23.750	24.957
7.875	8.005	15.875	16.409	23.875	25.095
8.000	8.135	**16.000**	16.543	**24.000**	25.232
8.125	8.264	16.125	16.677	24.125	25.371
8.250	8.393	16.250	16.810	24.250	25.509
8.375	8.522	16.375	16.944	24.375	25.647
8.500	8.652	16.500	17.078	24.500	25.785
8.625	8.781	16.625	17.212	24.625	25.923
8.750	8.911	16.750	17.346	24.750	26.062
8.875	9.041	16.875	17.480	24.875	26.200
9.000	9.170	**17.000**	17.614	**25.000**	26.339
9.125	9.300	17.125	17.748	25.125	26.477
9.250	9.430	17.250	17.882	25.250	26.616
9.375	9.560	17.375	18.016	25.375	26.755
9.500	9.690	17.500	18.151	25.500	26.894
9.625	9.820	17.625	18.285	25.625	27.033
9.750	9.950	17.750	18.419	25.750	27.172
9.875	10.080	17.875	18.554	25.875	27.311
10.000	10.211	**18.000**	18.689	**26.000**	27.450
10.125	10.341	18.125	18.823	26.125	27.589
10.250	10.471	18.250	18.958	26.250	27.728
10.375	10.602	18.375	19.093	26.375	27.867
10.500	10.732	18.500	19.228	26.500	28.007
10.625	10.863	18.625	19.363	26.625	28.146
10.750	10.994	18.750	19.498	26.750	28.286
10.875	11.124	18.875	19.633	26.875	28.425

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